中广核 CGN

新能源
New Energy

中國廣核新能源控股有限公司
CGN New Energy Holdings Co., Ltd.

ANNUAL REPORT 2015

(formerly known as CGN Meiya Power Holdings Co., Ltd. 中國廣核美亞電力控股有限公司)
(Incorporated in Bermuda with limited liability)
Stock Code : 1811.HK

Contents

Corporate Information

REGISTERED OFFICE

Victoria Place
31 Victoria Street
Hamilton HM10
Bermuda

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

STOCK CODES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

1811 (Shares)
5964 (Bonds due 2018)

COMPANY'S WEBSITE

www.cgnne.com

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Sui *(Chairman)* (re-designated from non-executive director to executive director on 26 January 2015)
Mr. Lin Jian *(President)*

Non-executive Directors

Mr. Xu Yuan (appointed with effect from 18 March 2015)
Mr. Chen Qiming
Mr. Yin Engang (appointed with effect from 18 March 2015)
Mr. Chen Huijiang (resigned with effect from 18 March 2015)
Mr. Dai Honggang
Mr. Lin Beijing (resigned with effect from 18 March 2015)
Mr. Xing Ping

Corporate Information

Independent Non-executive Directors

Mr. Leung Chi Ching Frederick
Mr. Fan Ren Da Anthony
Mr. Wang Susheng
Mr. Zhang Dongxiao (appointed with effect from 7 July 2015)
Mr. Shen Zhongmin (resigned with effect from 13 April 2015)

Members of the Audit Committee

Mr. Leung Chi Ching Frederick *(Chairman)*
Mr. Yin Engang (appointed with effect from 18 March 2015)
Mr. Fan Ren Da Anthony
Mr. Chen Huijiang (resigned with effect from 18 March 2015)

Members of the Remuneration Committee

Mr. Zhang Dongxiao *(Chairman)* (appointed with effect from 7 July 2015)
Mr. Dai Honggang
Mr. Fan Ren Da Anthony
Mr. Shen Zhongmin (resigned with effect from 13 April 2015)

Members of the Nomination Committee

Mr. Chen Sui *(Chairman)*
Mr. Fan Ren Da Anthony
Mr. Zhang Dongxiao (appointed with effect from 7 July 2015)
Mr. Shen Zhongmin (resigned with effect from 13 April 2015)

Members of the Investment and Risk Management Committee

Mr. Dai Honggang *(Chairman)*
Mr. Yin Engang (appointed with effect from 18 March 2015)
Mr. Xing Ping
Mr. Chen Huijiang (resigned with effect from 18 March 2015)

Members of the Strategy Development Committee

Mr. Dai Honggang *(Chairman)* (re-designated with effect from 13 April 2015)
Mr. Chen Sui
Mr. Lin Jian
Mr. Chen Qiming
Mr. Wang Susheng

Corporate Information

Company Secretary

Mr. Lee Kin

Authorized Representatives

Mr. Lin Jian (with Mr. Wat Chi Ping Isaac as his alternate)
Mr. Lee Kin

LEGAL ADVISER

Hong Kong Law

Eversheds
21/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Admiralty
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08, Bermuda

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Center
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
34/F, ICBC Tower
3 Garden Road
Hong Kong

Bank of China (Hong Kong) Limited
9/F, Bank of China Tower
1 Garden Road
Hong Kong

China Development Bank Corporation, Hong Kong Branch
Suites 3307-3315
33/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
13/F, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Major Events in 2015

29 May
2015

The First Annual General Meeting held

1 September
2015

The Acquisition of the First Batch of Non-Nuclear Clean and Renewable Power Generation Assets from China General Nuclear Power Corporation, Ltd. completed

8 December
2015

Market Open Ceremony held to celebrate the Change of Company Name

Chairman’s Statement

Chairman’s Statement

Dear Honourable Shareholders,

In 2015, the total global investment in clean energy reached a record high again. The PRC’s investment in clean energy also increased and thus gained a solid foothold for its leading position in the clean energy industry.

In the past year, the Company completed the acquisition of the first batch of wind power and solar power assets, including 13 wind power project companies and 6 solar power project companies with a gross operational installed capacity of approximately 1,400 MW, thereby expanding the Group’s geographical coverage to Gansu, Qinghai, Zhejiang, Shandong and Guangdong provinces. Accordingly, the Group focused on developing the core ability to operate and maintain its wind power and solar power generation business, ensuring power plants were in good operational condition. With a professional operation and maintenance team, the Group has established and implemented skill training programs, assessments, authorization and personnel systems for employees to ensure they have gained excellent skills. Moreover, each power plant has installed a centralised monitoring system. The system can provide remote real-time surveillance of the operation of electricity generation equipment so as to ensure that equipment failure can be solved in a timely manner. Furthermore, the Group has set up and implemented an intensive, standardised and IT-based operation and maintenance management system. It strengthens the management quality of our operation and maintenance works while keeping the relevant costs at a relatively low level. The Company will continue to selectively acquire clean and renewable power generation projects with solid returns from China General Nuclear Power Corporation, Ltd.(“**CGN**”) in several batches, thus retaining a balanced and diversified clean energy power project portfolio.

Chairman's Statement

The Company has changed its name from "CGN Meiya Power Holdings Co., Ltd." to "CGN New Energy Holdings Co., Ltd." in December 2015. The new name will better reflect the Company's position as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects, and be in the overall interest of the Company and its shareholders.

In addition, in respect of the Company's business development, a 18 MW Guangxi Fushi Hydro Project (Phase II) officially started on-grid connection and electricity generation in July 2015, adjacent to the existing 18 MW Phase I Hydro Project site, which is an expansion of Phase I. Furthermore, in October 2015, the Group commenced commercial operation of the 5 MW Yulchon Fuel Cell Project (Phase III) in Korea.

As of 31 December 2015, the attributable installed capacity of the Group's power plants reached 5,064.6 MW, representing a year-on-year increase of approximately 1,405.0 MW or 38.4%. The net electricity generated amounted to approximately 10,375.7 Gwh, representing an increase of 9.5% compared with last year. Profit attributable to shareholders amounted to US$103.9 million, representing an increase of 22.1% compared with last year for the Remaining Group. Net assets value amounted to approximately US$849.6 million, representing a year-on-year increase of 4.1% compared with the same period of last year for the Remaining Group. The Board recommended a final dividend of 0.44 US cents (equivalent to 3.44 HK cents) per share for 2015.

In recent years, the PRC government has been actively encouraging the development of clean energy. Proposals for the 13th Five-Year Plan aims at promoting low carbon recycling, energy revolution, development of clean energy, such as wind power, solar power, etc., and energy-saving low-carbon methods for power dispatching. Positioned as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects, the Company shares exactly the same view with the national strategic plans stated in the proposals of the 13th Five-Year Plan. We will continue to capitalise on every strategic opportunity to promote our business development, and will also spare no effort in turning a new page for the development of clean energy.

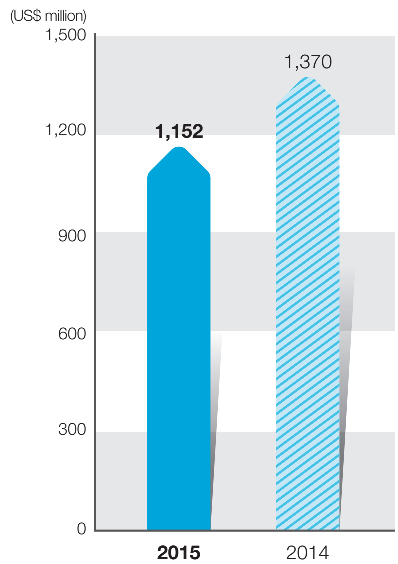
Looking forward in 2016, the Company will be affected by the slowing down of PRC's and South Korea's economy, downward adjustments to on-grid tariff in the PRC, the decrease of system marginal price in South Korea, curtailment of wind power and other factors. The Company will emphasise the development of clean and renewable energy to keep growing in the face of industrial adversity. In the future, the Group will continue to give full play in the capacity of CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects. CGN will fully support the Group to become a first class domestic and world-renowned non-nuclear clean energy developer and operator in terms of, among other things, strategic management, sustainable supply chain, pre-emptive rights for selecting non-nuclear clean energy assets, excellent talents and others. Meanwhile, we will keep on reinforcing our competitive position in the markets of the PRC and South Korea while seeking growth opportunities in foreign countries and cooperation opportunities for the development of high-quality asset projects in an organized way. We will strive to become one of the most profitable independent producers of clean and renewable power in Asia so as to further increase values for our shareholders and investors.

Chen Sui
Chairman

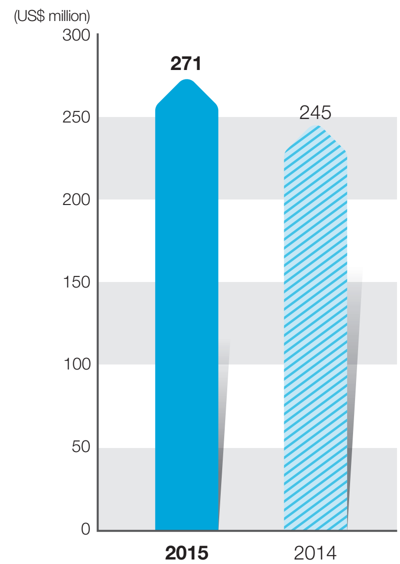
16 March 2016

Financial and Operating Highlights[1]

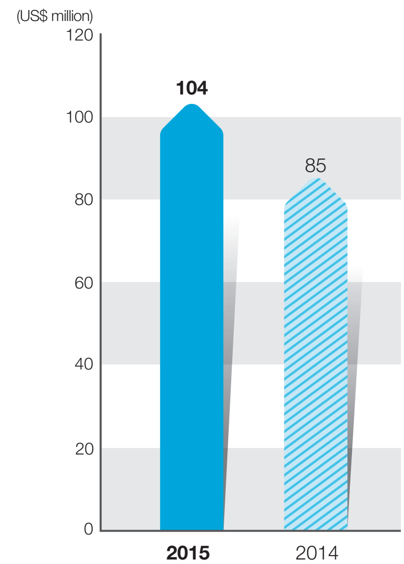
REVENUE



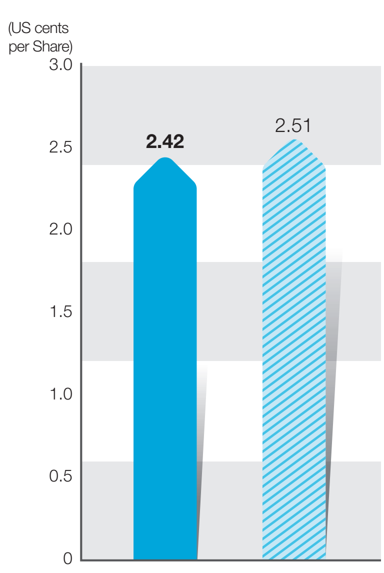
EBITDA[2]



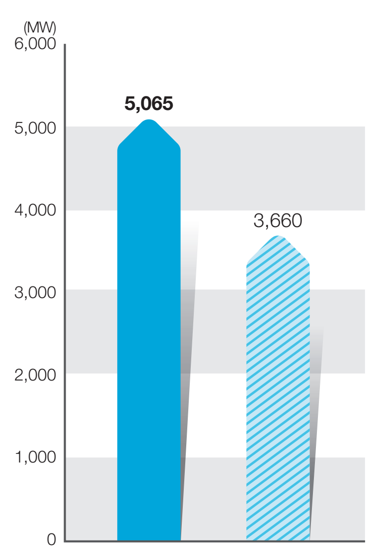
NET PROFIT ATTRIBUTABLE TO OWNER OF THE COMPANY



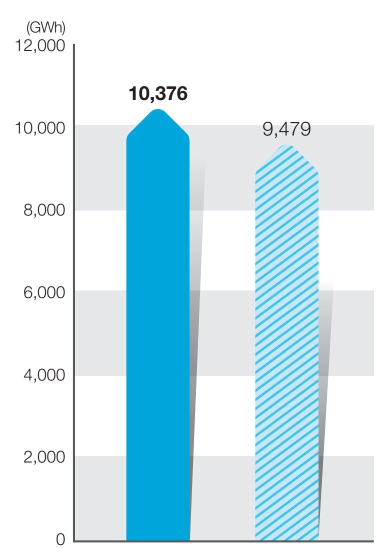
EPS



ATTRIBUTABLE INSTALLED CAPACITY IN OPERATION



ELECTRICITY SALES



Notes:

1. The above highlights pertain to CGN New Energy Holdings Co., Ltd. (the "**Company**") and its subsidiaries from time to time after a group reorganization underwent by the Company for the purpose of Listing (the "**Group**" or the "**Remaining Group**").

2. EBITDA is calculated by adding depreciation and amortization to the operating profit.

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

During the year of 2015, the global economy was in lack of growth momentum. The PRC's economy faced certain downside pressure, and its growth slowed down gradually. The supply and demand of electricity in the PRC were generally on easing. According to the information published by the National Energy Administration of the PRC, the overall electricity consumption in 2015 amounted to 5,550 TWh, representing a year-on-year increase of 0.5% with a drop of 3.3 percentage points in the growth rate as compared with that of last year.

In recent years, the PRC government has strongly supported the development of clean energy. The energy policy of the 13th Five-Year Plan will also increase the proportion of new energy in overall energy consumption. In addition, the national energy conference reinforces that the "clean-and-low-carbon" energy will be the main development trend in the future. In 2015, the strong growth momentum of the wind power and solar power industry kept on going. The newly added grid-connected wind power capacity was 32.97 GW. The newly added installed capacity has reached record high again, and the cumulative grid-connected installed capacity reached 129.34 GW. As of the end of 2015, the cumulative installed capacity of solar power generation was 43.18 GW. The PRC has become the leading country in solar power installed capacity in the world, and the newly added installed capacity was 15.13 GW.

The economic growth of Korea slowed down in 2015 due to the impact of the overall situation of global economy. The Gross Domestic Product of Korea rose 2.6% but with a drop of 0.7 percentage points in the growth rate as compared with that of last year. In the Korean power industry, coal-fired and gas-fired generation will continue to play a vital role and it is expected that the nuclear generation will have the fastest growth rates. The average system marginal price ("**SMP**") fell from KRW 141/kWh in 2014 to KRW 101/kWh in 2015 due to the commissioning of new power plants, and the effect of such decrease was partly offset by the drop in gas price.

Management Discussion and Analysis

II. BUSINESS REVIEW

For the purpose of the Listing, the Company has undergone a group reorganization to transfer our equity interests in the Disposal Group to our then sole shareholder with effect from 1 July 2014 (see note 39 to the consolidated financial statements). As a result, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 includes the share of profits contributed by the Remaining Group and the Disposal Group (the "**Whole Group**"), while the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 includes only the Remaining Group. Unless otherwise specified, the discussion and analysis of the financial and operating information only pertains to the Remaining Group.

The principal business of the Group is operated in the Chinese and Korean power markets with balanced regional operations. As of 31 December 2015, the operations in the PRC and Korea accounted for approximately 59.6% and 40.4% of our attributable installed capacity of 5,064.6 MW respectively. Additionally, our business in the PRC covers 9 provinces, an autonomous region and a municipality. The principal business of the Group involves various fuels. As of 31 December 2015, clean and renewable energy projects, namely wind, solar, gas-fired, hydro and fuel cell projects, accounted for approximately 65.1% of our attributable installed capacity, and conventional energy projects, namely coal-fired, oil-fired and cogen projects, accounted for approximately 34.9% of our attributable installed capacity.

As China General Nuclear Power Corporation, Ltd. ("**CGN**")'s sole global platform for the development and operation of non-nuclear clean and renewable power generation projects, the Group has the right to acquire CGN's non-nuclear power generation projects. The first asset injection was completed on schedule in 2015. The extraordinary general meeting held by the Company on 10 August 2015 approved the acquisition of 13 wind power project companies and 6 solar power project companies with a gross operational installed capacity of approximately 1,400 MW and an attributable installed capacity of approximately 1,380 MW. In the future, the Company will continue to acquire high quality assets and clean and renewable power generation projects with solid returns from CGN by batches to further expand the Company's business scale and market share. The acquisition from CGN will allow the Company to add quality wind power and solar power assets to its portfolio on one hand, and, on the other hand, gain a solid foothold in the wind power and solar power generation sectors, which are in fast growth with strong government support in the PRC.

The Company changed its name from "CGN Meiya Power Holdings Co., Ltd." to "CGN New Energy Holdings Co., Ltd." in December 2015. The new name will better reflect the Company's position as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects. The Company will continue its own greenfield and brownfield development while focusing on acquiring other clean and renewable power generation projects.

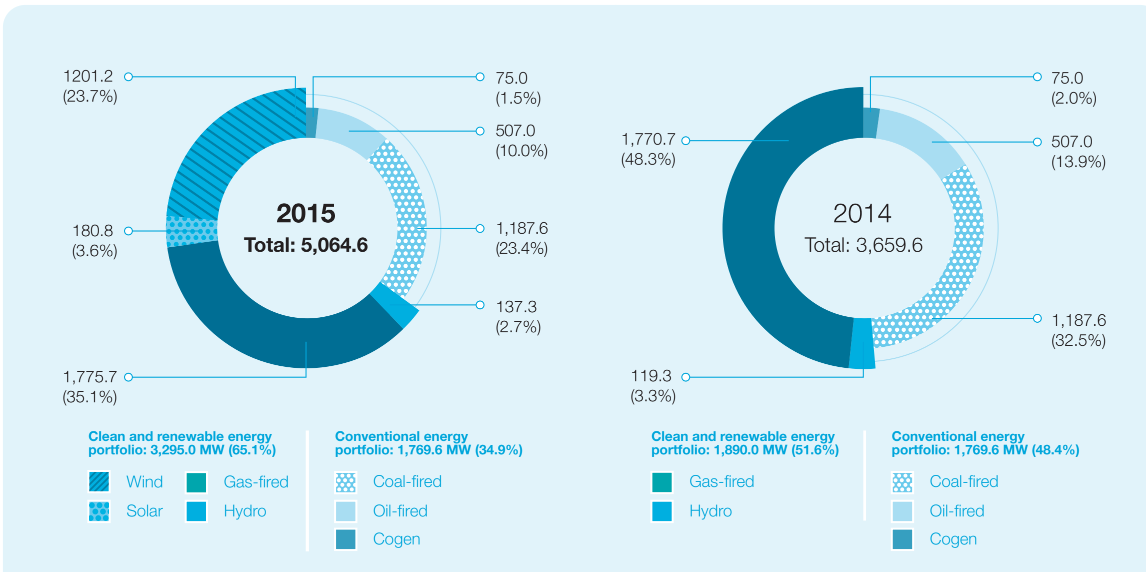
The following table sets out items selected by us from results of the Remaining Group (by fuel type):

US$ million	Gas-fired projects	Coal-fired, cogen and steam projects	Oil-fired project	Hydro projects	Wind projects	Solar projects	Corporate	Remaining Group total
For the year ended 31 December 2015								
Revenue	**826.2**	**188.4**	**28.5**	**38.8**	**35.0**	**14.5**	**20.5**	**1,151.9**
Operating expenses	**(748.7)**	**(138.3)**	**(17.6)**	**(20.7)**	**(24.0)**	**(7.4)**	**(36.3)**	**(993.0)**
Operating profit	**77.5**	**50.1**	**10.9**	**18.1**	**11.0**	**7.1**	**(15.8)**	**158.9**
Profit for the year	**40.3**	**97.6**	**4.7**	**14.6**	**1.0**	**3.3**	**(39.1)**	**122.4**
Profit attributable to the owner of the Company	**34.9**	**85.8**	**4.7**	**13.3**	**1.0**	**3.3**	**(39.1)**	**103.9**

US$ million	Gas-fired projects	Coal-fired, cogen and steam projects	Oil-fired project	Hydro projects	Corporate	Remaining Group total
For the year ended 31 December 2014						
Revenue	1,080.4	202.1	40.3	38.5	9.0	1,370.3
Operating expenses	(975.7)	(159.0)	(25.5)	(20.0)	(40.2)	(1,220.4)
Operating profit	104.7	43.1	14.8	18.5	(31.2)	149.9
Profit for the year	59.4	73.8	7.4	14.7	(54.4)	100.9
Profit attributable to the owner of the Company	53.7	64.2	7.4	14.2	(54.4)	85.1

Management Discussion and Analysis

The attributable installed capacity of the Group's power assets from the Remaining Group as of 31 December 2015 and 2014 by fuel type are set out as follows (MW):



As of 31 December 2015, the attributable installed capacity of the Group's power plants reached 5,064.6 MW, representing a year-on-year increase of approximately 1,405.0 MW or 38.4%. The consolidated installed capacity of power plants of the Group reached 4,292.6 MW as at 31 December 2015. During the reporting period, the first asset injection was completed with an increase of attributable installed capacity of approximately of 1,380 MW. A 18 MW Guangxi Fushi Hydro Project (Phase II) commenced commercial operation ("**COD**") in July 2015, adjacent to the existing 18 MW Phase I Hydro Project site, which is an expansion of Phase I. Furthermore, in October 2015, the Group commenced COD of the 5.0 MW Yulchon Fuel Cell Project (Phase III) in Korea.

In 2015, the net electricity generated from the consolidated power generation projects of the Group reached 10,375.7 GWh, representing an increase of 9.5% compared with last year, mainly due to the COD of the combined cycle operation of Yulchon II Power Project in last year. The total steam sold by the Group for the year ended 31 December 2015 amounted to 2,752,000 tons, representing a slight increase of 2.6% as compared with to that of last year.

The following table sets out the average utilization hour applicable to our projects for the Remaining Group:

Average utilization hour by fuel type(1)

	For the year ended 31 December	
	2015	2014
PRC Gas-fired Projects(2)	**1,267**	1,716
Korea Gas-fired Projects(3)	**4,703**	4,488
PRC Coal-fired Projects(4)	**4,065**	4,340
PRC Cogen Projects(5)	**5,529**	5,803
Korea Oil-fired Projects(6)	**13**	53
PRC Hydro Projects	**4,326**	4,862
PRC Wind Projects(7)	**399**	–
PRC Solar Projects(8)	**516**	–

Management Discussion and Analysis

Notes:

(1) Average utilization hour is the gross electricity generated in a specified period divided by the average installed capacity in the same period.

(2) Average utilization hour for the PRC gas-fired projects decrease was mainly due to lower local demand at Weigang Power Project and the cessation of operation from May 2014 by Hexie Power Project.

(3) Our Korea gas-fired power projects had higher average utilization hour in 2015 mainly due to Yulchon II Power Project operated in full year in 2015.

(4) Average utilization hour for the PRC coal-fired projects decreased in 2015 was mainly due to gross installed capacity of Huangshi II Power Project increased to 1,360 MW since April 2014. The gross electricity generation for the PRC coal-fired projects is increased in 2015.

(5) Average utilization hour for the PRC cogen projects decreased in 2015 was attributable to the decreased local demand.

(6) Our Korea oil-fired power project (i.e. Daesan I Power Project) had lower average utilization hour in 2015 since there was a much higher Reserve Margins in Korea comparing to 2014, so there was a lower demand on oil-fired power plant.

(7) Average utilization hour for the PRC Wind Projects represents operations for the four months from September 2015. The average utilization hours for the full year ended 31 December 2015 for the PRC Wind Projects in the Shandong province, the Zhejiang province and the Gansu province are 1,903, 1,779 and 1,312 respectively. Our Beiba Project commenced COD in June 2015, our Hongshagang Project commenced COD of 200MW each in April 2015 and June 2015, respectively.

(8) Average utilization hour for the PRC Solar Projects represents operations for the four months from September 2015. The average utilization hours for the full year ended 31 December 2015 for the PRC Solar Projects is 1,549. Full year average utilization hour for Solar Projects in the Western Region (Dunhuang I/II, Jinta, Xitieshan I/II/III, Wulan) and the Eastern Region (Jiaxing, Airport I/II) are 1,637 and 957, respectively. Projects in the Eastern Region are distributed Solar Projects and our Airport II Project commenced COD in March 2015.

The table below sets out the weighted average tariffs (inclusive of value-added tax ("**VAT**")) applicable to our projects in the PRC and Korea for the Remaining Group for the periods indicated:

		For the year ended 31 December	
	Unit	**2015**	2014
Weighted average tariff (inclusive of VAT)[(1)]			
PRC Gas-fired Projects[(2)]	RMB per kWh	**0.5550**	0.5971
Korea Gas-fired Projects[(3)]	KRW per kWh	**121.8**	166.2
PRC Coal-fired Projects[(4)]	RMB per kWh	**0.4747**	0.4980
PRC Cogen Projects[(4)]	RMB per kWh	**0.4840**	0.5052
Korea Oil-fired Projects	KRW per kWh	**342.8**	444.5
PRC Hydro Projects	RMB per kWh	**0.3455**	0.3304
PRC Wind Projects	RMB per kWh	**0.59**	–
PRC Solar Projects	RMB per kWh	**1.11**	–
Weighted average tariff – steam (inclusive of VAT)			
PRC Cogen Projects[(5)]	RMB per ton	**178.1**	194.5

Management Discussion and Analysis

Notes:

(1) The weighted average tariffs are affected not only by the change in the tariff for each project but also the change in net power generation for each project.

(2) The tariff for PRC gas-fired projects decreased due to the cessation of operation from May 2014 by Hexie Power Project that had a comparative higher power tariff, thus the average tariff became lower.

(3) The weighted average tariff (inclusive of VAT) for Korea gas-fired power projects was in line with the decrease in Korean gas price.

(4) The weighted average tariff (inclusive of VAT) for our PRC cogen projects excludes steam tariff (inclusive of VAT).

The weighted average tariffs for the PRC coal-fired and cogen projects decreased in 2015 since there have been 2 national on-grid tariff downward adjustments directed by the NDRC in September 2014 and May 2015.

(5) The weighted average tariff-steam decreased in 2015 was in line with the decrease in PRC coal price.

The following table sets out the weighted average gas and standard coal and average oil prices (inclusive of VAT) applicable to our projects in the PRC and Korea for the Remaining Group for the periods indicated:

		For the year ended 31 December	
	Unit	**2015**	2014
PRC weighted average gas price*(1)(2)(3)*	RMB per normal cubic meter ("**Nm³**")	**2.403**	2.141
PRC weighted average standard coal price*(1)(4)*	RMB per ton	**508.8**	680.3
Korea weighted average gas price*(1)(5)*	KRW per Nm^3	**598.2**	822.7
Korea average oil price*(6)*	KRW per liter	**1,317**	1,456

Notes:

(1) The weighted average standard coal and the weighted average gas prices are weighted based on the consumption of gas or coal in each applicable period.

(2) The PRC weighted average gas price excludes the gas price for Weigang Power Project, which exclusively uses blast furnace gas.

(3) Our PRC weighted average gas price in 2015 increased compared to 2014 due to the directive issued by the NDRC to increase gas prices at gate stations by RMB0.4 per Nm^3 in August 2014, with effect from 1 September 2014.

(4) The PRC weighted average standard coal price in 2015 decreased compared to 2014 due to a general weakness in demand in 2015.

(5) Our Korea weighted average gas price in 2015 decreased compared to 2014 due to decreases in gas prices, as indicated by the Japanese Crude Cocktail, a measurement of average prices of crude oil imported into Japan and an important determinant of natural gas prices in Korean markets. However, the Yulchon I Power Project power purchase agreement ("**PPA**") allows us to contractually incorporate fuel cost fluctuations in the tariff charged to our customer.

(6) We only purchase oil in Korea to supply Daesan I Power Project.

Management Discussion and Analysis

Revenue and segment information

The Group has three reportable segments as follows:

(1) Power plants in the PRC – Generation and supply of electricity;

(2) Power plants in Korea – Generation and supply of electricity; and

(3) Management companies in the PRC – Provision of management services to power plants operated by CGN and its subsidiaries.

The following is an analysis of the Whole Group's revenue and results by reportable segment:

For the year ended 31 December 2015

	Power Plants in the PRC *US$'000*	**Power Plants in Korea** *US$'000*	**Management companies in the PRC** *US$'000*	**Total** *US$'000*
Segment revenue – external	**317,640**	**813,806**	**20,459**	**1,151,905**
Segment results	**91,601**	**44,938**	**974**	**137,513**
Unallocated other income				**3,506**
Unallocated operating expenses				**(18,014)**
Unallocated finance costs				**(22,946)**
Unallocated other gains and losses				**(980)**
Share of results of associates				**63,313**
Profit before tax				**162,392**

For the year ended 31 December 2014

	Power Plants in the PRC *US$'000*	Power Plants in Korea *US$'000*	Management companies in the PRC *US$'000*	Total *US$'000*
Segment revenue – external	305,514	1,065,063	8,975	1,379,552
Segment results	75,635	66,499	427	142,561
Unallocated other income				691
Unallocated operating expenses				(23,338)
Unallocated finance costs				(21,206)
Unallocated other gains and losses				2,728
Share of results of associates				42,572
Share of result of a joint venture				21,016
Gain on disposal of subsidiaries, associates and a joint venture				96,343
Listing expenses				(4,087)
Profit before tax				257,280

Management Discussion and Analysis

Segment revenue for Power Plants in the PRC increased by approximately 4.0%, mainly attributable to revenue contributed by wind and solar power project companies being acquired in 2015, partially offset by the decreased revenue from coal-fired, cogen and gas-fired projects.

Segment revenue for Power Plants in Korea decreased by approximately 23.6%, it was mainly due to the downward change in power tariff which reflected the drop in fuel price.

The Group provides management services to certain subsidiaries of CGN starting from May 2014. The increase in segment revenue for Management companies in 2015 was mainly because the Group provided full year management services in 2015.

Segment results for Power Plants in the PRC increased by approximately 21.1%, mainly attributable to profits contributed by newly acquired wind and solar power project companies and the lower fuel costs of coal-fired projects.

Segment results for Power Plants in Korea decreased by approximately 32.4%, mainly due to the decreased gross margins resulted from drop in revenue.

The following is an analysis of the Group's assets and liabilities by reportable segment.

	2015 ***US$'000***	2014 *US$'000*
Segment assets		
Power Plants in the PRC	**2,271,429**	535,993
Power Plants in Korea	**1,267,300**	1,457,923
Management companies in the PRC	**7,491**	4,366
Total segment assets	**3,546,220**	1,998,282
Interests in associates	**174,472**	168,271
Unallocated	**132,176**	320,381
Consolidated assets	**3,852,868**	2,486,934
Segment liabilities		
Power Plants in the PRC	**1,210,196**	97,790
Power Plants in Korea	**874,027**	1,068,694
Management companies in the PRC	**3,456**	1,062
Total segment liabilities	**2,087,679**	1,167,546
Unallocated		
– Bank borrowings	**–**	140,000
– Bond payables	**354,103**	353,726
– Loan from an intermediate holding company	**100,000**	–
– Loan from a fellow subsidiary	**450,000**	–
– Others	**11,533**	9,572
Consolidated liabilities	**3,003,315**	1,670,844

The significant increase in segment assets and liabilities for Power Plants in the PRC in 2015 was mainly due to the acquisition of subsidiaries in 2015.

The unallocated loans from an intermediate holding company and a fellow subsidiary were mainly for the repayment of bank borrowings and acquisition of subsidiaries.

Management Discussion and Analysis

III. OPERATING RESULTS AND ANALYSIS

The following discussion and analysis pertains to the financial information of the Remaining Group.

In 2015, the revenue of the Group amounted to approximately US$1,151.9 million, representing a decrease of approximately 15.9% compared with last year. The net profit of the Group amounted to approximately US$122.4 million, representing an increase of approximately US$21.5 million.

In 2015, the profit attributable to the shareholders of the Company amounted to approximately US$103.9 million, representing an increase of approximately US$18.8 million or 22.1% as compared with last year.

Revenue

In 2015, the revenue of the Group amounted to approximately US$1,151.9 million, representing a decrease of 15.9% compared with approximately US$1,370.3 million of last year. The decrease in revenue was mainly due to a decrease in tariffs from Yulchon I and Yulchon II Power Projects caused by a drop in gas price. It is partially offset by an increase in revenue contributed by wind and solar project companies and management fee income charged under full year in 2015.

Operating Expenses

In 2015, the operating expenses of the Group amounted to approximately US$993.0 million, representing a decrease of approximately 18.6% compared with approximately US$1,220.4 million of last year. The decrease in operating expenses was mainly due to a decrease in gas price in relation to Yulchon I and Yulchon II Power Projects. The decrease is partially offset by the increase in operating expenses from wind and solar project companies.

Operating Profit

In 2015, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to approximately US$158.9 million, representing an increase of 6.0% compared with approximately US$149.9 million of last year. The increase in operating profit was mainly due to higher margins from Puguang coal-fired Project caused by lower coal costs and contribution from wind and solar project companies, offset by lower margins from Yulchon I and Yulchon II Power Projects.

Other Income

The other income mainly represented government grants, income from sales of scrap materials, interest income and the refund of value added tax. In 2015, the other income of the Group amounted to approximately US$18.6 million, representing an increase of 44.2% compared with approximately US$12.9 million of last year. The increase in other income was mainly due to the increase in government grants.

Finance Costs

In 2015, the finance costs of the Group amounted to approximately US$76.8 million, representing an increase of 21.7% compared with approximately US$63.1 million of last year. The increase in finance costs was mainly due to an increase in bank borrowings from wind and solar project companies.

Share of Results of Associates

In 2015, the share of results of associates amounted to approximately US$63.3 million, representing an increase of approximately US$22.4 million or 54.8% compared with approximately US$40.9 million in last year. The increase in profit of the associates was mainly due to higher generation and the lower coal costs from Huangshi II Power Project offset by the national tariff reduction in September 2014 and May 2015 for the PRC coal-fired plants.

Income Tax Expense

In 2015, the income tax expense of the Group amounted to approximately US$40.0 million, representing an increase of approximately US$2.7 million compared with approximately US$37.3 million of last year. The increase is in line with the increment in profit before tax.

Management Discussion and Analysis

Liquidity and Capital Resources

The Group's fixed bank deposits, bank balances and cash decreased from US$407.0 million as at 31 December 2014 to US$342.5 million as at 31 December 2015. The decrease is primarily due to the consideration of RMB3,965.5 million paid to CGN Wind Energy Co., Ltd. and CGN Solar Energy Development Co., Ltd. for the acquisition of 13 wind power project companies and 6 solar power project companies ("**the Acquisition**"), partially offset by cash generated from operation and loan from a fellow subsidiary.

Net Debt/Equity Ratio

The Group's net debt/equity ratio increased from 1.20 as at 31 December 2014 to 2.74 as at 31 December 2015 due to the increase in net debt (which equals total debt less available cash) resulted by the loans raised from our fellow subsidiary in relation to the Acquisition. The increase of net debt is also due to project loans of the power project companies acquired under the Acquisition.

Dividend

At the Board meeting held on 16 March 2016, the Board recommended the payment of a final dividend for the year ended 31 December 2015 of 0.44 US cents per ordinary share (equivalent to 3.44 HK cents per ordinary share), totalling US$19.0 million (equivalent to HK$147.6 million), which is based on 4,290,824,000 Shares in issue on 16 March 2016. Payout ratio of the proposed dividend is 18.2%.

Earnings per Share

	Year ended 31 December	
	2015	2014
	US cents	*US cents*
Earnings per Share for the Remaining Group, basic and diluted – calculated based on the weighted average number of ordinary shares for the year	**2.42**	2.51
Earnings per Share for the Remaining Group, basic and diluted – calculated based on the number of ordinary shares outstanding at year end	**2.42**	1.98

	Year ended 31 December	
	2015	2014
	US$'000	*US$'000*
Earnings for the purpose of calculating basic and diluted earnings per Share (profit for the year attributable to owner of the Remaining Group)	**103,879**	85,131
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per Share	**4,290,824**	3,384,786
Number of ordinary shares outstanding at year end	**4,290,824**	4,290,824

Management Discussion and Analysis

Trade Receivables

	As at 31 December	
	2015	2014
	US$'000	*US$'000*
Trade receivables	**200,954**	158,121
Less: allowance for doubtful debts	**(189)**	(118)
	200,765	158,003

The Group allowed a credit period from 30 to 90 days throughout the year to its trade customers. Over 99% (2014: 99%) of the trade receivables were neither past due nor impaired as at 31 December 2015. The management considers that these receivables have good credit rating according to the credit review policy adopted by the Group.

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates (which approximated the revenue recognition dates) at the end of the reporting period.

	As at 31 December	
	2015	2014
	US$'000	*US$'000*
0 – 60 days	**199,355**	156,856
61 – 90 days	**552**	371
Over 90 days	**858**	776
	200,765	158,003

Trade Payables

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting period.

	As at 31 December	
	2015	2014
	US$'000	*US$'000*
0 – 60 days	**88,154**	156,015
61 – 90 days	**140**	59
Over 90 days	**1,484**	933
Total	**89,778**	157,007

The average credit period for purchases of goods was 40 days (2014: 33 days) for the year ended 31 December 2015. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

Management Discussion and Analysis

Financial Position

Non-current assets increased from US$1,699.5 million as at 31 December 2014 to US$3,022.1 million as at 31 December 2015 was mainly due to the additional property, plant and equipment, prepaid lease payment and goodwill arisen from the acquisition of wind and solar power project companies during the year ended 31 December 2015.

Current assets increased from US$787.4 million as at 31 December 2014 to US$830.7 million as at 31 December 2015 was mainly attributable to the increase in trade receivables, other receivables and prepayment, partially offset by the decrease in bank balances.

Current liabilities increased from US$445.5 million as at 31 December 2014 to US$488.3 million as at 31 December 2015, which was resulted from the increase in other payables and accruals and loan from a fellow subsidiary of the wind and solar power project companies acquired under the Acquisition. This is partially offset by decrease in trade payables and repayment of CDB Bank Loan of US$140.0 million.

Non-current liabilities increased from US$1,225.4 million as at 31 December 2014 to US$2,515.0 million as at 31 December 2015, which was resulted from the increased bank borrowings repayable after one year from the wind and solar power project companies acquired under the Acquisition. The increase in loans from fellow subsidiaries was mainly attributable to the loan from China Clean Energy Development Limited amounting to US$450.0 million in relation to the Acquisition.

Bank borrowings

The Group's total bank borrowings increased from US$1,035.8 million as at 31 December 2014 to US$1,650.6 million as at 31 December 2015. It was mainly due to the inclusion of bank borrowings from the wind and solar power project companies acquired under the Acquisition, partially offset by the repayment of CDB Bank Loan of US$140.0 million, and the repayment of bank borrowings by Yulchon I Power Project. Details of bank borrowings are as follows:

	As at 31 December	
	2015	2014
	US$'000	*US$'000*
Secured	**1,547,952**	1,030,128
Unsecured	**102,678**	5,720
	1,650,630	1,035,848
The maturity profile of bank borrowings is as follows:		
Within one year	**114,024**	197,819
More than one year but not exceeding two years	**136,438**	53,287
More than two years but not exceeding five years	**370,845**	226,435
Over five years	**1,029,323**	558,307
	1,650,630	1,035,848
Less: Amounts due for settlement within one year shown under current liabilities	**(114,024)**	(197,819)
Amounts due for settlement after one year	**1,536,606**	838,029

As at 31 December 2015, the Group had committed unutilized banking facilities of US$823.8 million.

Management Discussion and Analysis

All bank borrowings at the end of the reporting period are denominated in the functional currency of the respective group entities that include RMB, USD and KRW. The bank borrowings of the Group carry interest rates which range from 1.75% to 5.96% (2014: 1.75% to 6.62%) per annum during the year ended 31 December 2015. The analysis of bank borrowings with fixed interest rate and floating interest rate is analysed below:

	As at 31 December	
	2015	2014
	US$'000	*US$'000*
Fixed rate	**213,870**	270,179
Floating rate	**1,436,760**	765,669
	1,650,630	1,035,848

Bond Payables

The Company issued bonds in an aggregate principal amount of US$350.0 million on 19 August 2013 priced at 99.686% of the principal amount that carries interest at 4% per annum and interest is payable semi-annually in arrears and will become mature on 19 August 2018, unless it is redeemed earlier. The carrying amount of the bond payables was US$354.1 million as at 31 December 2015.

Loans from Fellow Subsidiaries

During the year ended 31 December 2015, a fellow subsidiary, China Clean Energy Development Limited has provided US$450.0 million loan to the Group, which is unsecured, interest bearing at 4.5% and repayable in year 2025.

Loans from CGN Finance Company Limited, a fellow subsidiary, amounted to US$111.9 million as at 31 December 2015. These loans are resulted from inclusion of borrowings by wind and solar power project companies. All loans from CGN Finance Company Limited are unsecured, among which US$96.4 million are interest bearing at 4.41% to 4.66% and repayable in 2016. The remaining US$15.5 million are interest bearing at 4.41% and repayable in 2024.

Loan from an Intermediate Holding Company

During the year ended 31 December 2015, CGNPC International, an intermediate holding company has provided US$100.0 million loan to the Group, which is unsecured, interest bearing at 4.5% and repayable in year 2025.

Significant Investments

In August 2015, the Acquisition was approved by the independent Shareholders by way of ordinary resolution. All the conditions precedent of the Framework Agreement have been fulfilled and the completion took place on 1 September 2015 in accordance with the terms and conditions of the Framework Agreement. Further details of the Acquisition and the completion thereof are set out in the Company's circular and announcement dated 22 July 2015 and 1 September 2015, respectively.

Capital Expenditures

The Group's capital expenditure decreased by US$120.6 million to US$57.1 million in 2015 from US$177.7 million in 2014 due to the completion of construction of combined cycle operation of Yulchon II Power Project in 2014.

Contingent Liabilities

As at 31 December 2015, the Group had no material contingent liabilities (as at 31 December 2014: nil).

Management Discussion and Analysis

Pledged Assets

The Group pledged certain property, plant and equipment, land use rights, bank deposits and restricted cash for credit facilities granted to the Group. As at 31 December 2015, the total book value of the pledged assets amounted to US$1,314.8 million.

Employees and Remuneration Policy

As at 31 December 2015, the Group had about 1,729 full-time employees, with the majority based in the PRC. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

Employees located in the PRC are covered by the mandatory social security schemes required by local practice and regulations of the PRC, which are essentially defined contribution schemes. The Group is required by the PRC law to contribute a certain percentage of the average salaries of the employees to various schemes in accordance with the respective regulatory requirements of each city. The PRC government is directly responsible for the payment of the benefits to these employees.

In Hong Kong, we participate in a mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance (Chapter 485). Employees should contribute 5.0% of their relevant income, which is currently capped at HK$1,500, to the mandatory provident fund scheme monthly and the Group should contribute 10.0% of the employees' monthly base salary.

In Korea, we are required by law to contribute 0.08% to 4.5% of the basic salaries of the employees for national pension, national health insurance, unemployment insurance, industrial accident compensation insurance and wage claim guarantee fund.

In the PRC and Korea, we cannot reduce the existing level of contributions by the forfeited contributions made by the employers on behalf of the employees who leave the defined contribution schemes before the vesting period. In Hong Kong, we have utilized HK$1,786,000 for the year ended 31 December 2015 (HK$275,000 for the year ended 31 December 2014).

The remuneration of senior management is determined by making reference to the performance of individuals and the Group and market trends. Remuneration of senior management (excluding directors) for the year ended 31 December 2015 were within the following bands:

	No. of senior management
HK$0 to HK$500,000 (Equivalent to US$0 to US$64,000)	2
HK$500,001 to HK$1,000,000 (Equivalent to US$64,001 to US$129,000)	1
HK$1,000,001 to HK$1,500,000 (Equivalent to US$129,001 to US$193,000)	4
HK$2,000,001 to HK$2,500,000 (Equivalent to US$258,001 to US$322,000)	1
HK$4,000,001 to HK$4,500,000 (Equivalent to US$516,001 to US$580,000)	1
HK$5,500,001 to HK$6,000,000 (Equivalent to US$709,001 to US$773,000)	1
HK$6,000,001 to HK$6,500,000 (Equivalent to US$773,001 to US$838,000)	1
Total	11

Remarks:

Four individuals ceased to hold positions in the senior management in 2015.

Management Discussion and Analysis

Environmental Policies and Performance

PRC

Solar Power and Wind Power Projects

The Group attaches great importance to environmental protection and enhancement, and strictly complies with the requirements of the PRC Environmental Protection Law (中華人民共和國環境保護法), the Administrative Measures for Environmental Protection of Industry (工業環境保護管理辦法), the Administrative Regulations for Environmental Control of Thermal Power Plants (發電企業環境監測管理規定) and other relevant laws and regulations.

Through detailed analyses on each power project, the Group is able to identify and screen out major environment factors, and then work out specific enhancement plans with reference to relevant environmental protection requirements to cope with potential and adverse impact on environment. Wind power and solar power are renewable and clean energy resources. We strive for achieving perfect harmony between the green power generation industry and the natural environment.

Hydro Projects

The hydro projects of the Group strictly comply with the environmental protection requirements of the local government. Being a renewable and clean energy resource, hydro projects almost discharge no pollutant. The requirements of the local government on hydro projects concern waste disposal, noise control, flow control and ecological protection.

Thermal Projects (coal-fired, oil-fired, gas-fired including cogen)

The environmental protection systems and facilities of our power projects complied with applicable national and local environmental protection regulations. Environmental management in all of our operating project companies met the relevant international standards and have been accredited with ISO14001 (environmental management system) certification. In addition, most of our power projects have their own environmental protection office and staff responsible for monitoring and operating its environmental protection equipment. Remote Emissions Monitoring Systems (REMS) are equipped in all coal fired projects to continuously monitor power projects emissions at the relevant project companies. The Company has continued to invest substantially in energy saving and environmental upgrading facilities at the projects to comply with the regulations and emissions reduction. By the end of 2015, all de-sulfurization, de-nitration and particulate matter removal facilities have been installed and put into service as planned. We are of the view that we are not in material breach of any applicable environmental laws or regulations.

Air emissions of all existing thermal power plants in the PRC have to meet a more stringent new national emissions regulation, which became effective on 1 July 2014. According to the PRC Air Pollution Prevention Law (中華人民共和國大氣污染防治法), a penalty of up to RMB100,000 is levied for non-compliance. Furthermore, according to the PRC Environmental Protection Law (中華人民共和國環境保護法), an additional penalty of up to RMB100,000 is further levied for non-compliance. The environmental laws and regulations also impose fines on enterprises which violate such laws, regulations or decrees and provide for other sanctions including the possible closure of any power projects which fail to rectify activities that cause environmental damage. For the year ended 31 December 2015, the Company had not received any sanctions to cease operation or rectification to environmental damages.

Korea

The Group is committed to the establishment of good standards of environmental protection and management practices. The environmental policies and facilities of our power projects in Korea are in compliance with the applicable national and local environmental protection regulations in Korea. Our power projects in Korea have their own environmental protection offices and staffs responsible for monitoring and operating its environmental protection equipment. Environmental monitoring system required by the applicable national and local environmental protection regulations are equipped in our power projects in Korea. Environmental management in our operating project companies meet the relevant international standards and have been accredited with ISO14001 (environmental management system) certification.

In addition, our power projects in Korea have passed the relevant supervisory inspections by the local government for air emission levels and environmental management. We are of the view that we are not in material breach of applicable environmental laws or regulations for the year ended 31 December 2015.

Management Discussion and Analysis

Major Customers and Suppliers

Our primary customers are the electricity offtakers for our projects. Our primary suppliers are the fuel providers for our projects. Our largest customer is Korea Power Exchange ("**KPX**") and our largest supplier is Korea Gas Corporation ("**KOGAS**").

KPX is a non-profit, neutral and independent organization in South Korea's power industry. KPX ensures the reliability of power supply by coordinating the flow of electricity in all regions of South Korea. To secure future power reliability, KPX runs a sophisticated national planning process for generation and transmission expansion by active cooperation and coordination with the Korea government. KPX has become our largest customer since the combined cycle of Yulchon II Power Project commenced operations and we have maintained a business relationship with KPX since 2009.

KOGAS is an independent third party supplier of gas for Yulchon I Power Project, Yulchon I Fuel Cell Projects and Yulchon II Power Project in Korea. KOGAS is a publicly listed company on the Korean Exchange that engages in the production and distribution of gas in Korea. KOGAS was incorporated by the Korean government in 1983 and is the sole wholesale supplier of natural gas in Korea.

Other Updates

Updates on the Properties in the PRC with Title Defects

(i) Guangxi Zuojiang Meiya Hydropower Company Limited（廣西左江美亞水電有限公司）("Zuojiang JV")

Zuojiang JV had obtained the relevant building ownership certificate for the warehouse with a floor area of 216.79 square meters in July 2015.

(ii) Mianyang Sanjiang Meiya Hydropower Company Limited（綿陽三江美亞水電有限公司）

We are still liaising with the local government with respect to the application for construction of certain ancillary facilities on the idle land.

(iii) Hubei Xisaishan Power Generation Co., Ltd.（湖北西塞山發電有限公司）("Huangshi I JV")

Huangshi I JV had obtained the relevant building ownership certificates for certain buildings with a total gross floor area of 57,554.63 square meters in June 2015.

IV. RISK FACTORS AND MANAGEMENT

Risks Relating to the Industry

Our power projects are located in the PRC and Korea, both of which have undergone, and may continue to undergo, regulatory changes. Governmental regulations affect all aspects of our power project operations, including the amount and timing of electricity generation, the setting of tariffs, compliance with power grid controls, dispatch directives and environmental protection. Regulatory changes in the PRC and Korea can affect, among other things, dispatch policies, clean and renewable energy and environmental compliance policies and tariffs, and may result in a change of tariff setting procedures or mandatory installation of costly equipment and technologies to reduce environmental pollutants.

Further, the solar power projects are highly dependent on solar illumination conditions, and the wind power projects are dependent particularly on wind conditions. Extreme wind or weather conditions could lead to downtime of the wind power projects. Illumination conditions and wind conditions vary across seasons and locations, and could be unpredictable and are out of our control.

Management Discussion and Analysis

Risk Relating to Fuel Cost

The non-renewable energy power projects of the Group require supplies of coal, oil and gas as fuel. Fuel costs represent a significant portion of our operating expenses and the operating expenses of our associates. The extent to which our profit is ultimately affected by the cost of fuel depends on our ability to pass through fuel costs to our customers as set out under the relevant regulatory guidelines and the terms of our PPA for a particular project, as we currently do not hedge our exposure to fuel price fluctuations. Our fuel costs are also affected by the volume of electricity generated because the coal consumption rate of coal-fired and cogen power projects decrease when we generate more electricity as a result of economies of scale. In the PRC, government tariff regulations limit our ability to pass through changes in fuel costs. In Korea, while our Yulchon I Power Project is able to pass through our exposure to fuel price fluctuations through fuel cost pass through provisions in the tariff formula, our Yulchon II and Daesan I Power Projects receive payments based on the SMP, which is influenced by market demand and supply, and may not fully reflect the power plants' respective fuel price fluctuations. Our diversified generation portfolio enables us to diversify the risks that we would face to utilize a single resource for electricity generation. In particular, our exposure to several fuel types mitigates risks such as price increases in or the availability of any particular fuel source.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our debt with floating interest rates based on market prevailing rates. We undertake debt obligations to support asset acquisition and general corporate purposes including capital expenditures and working capital needs. Certain of our indebtedness is calculated in accordance with floating interest rate or interest that are subject to adjustment by our lenders. We periodically review the ratio of debt with floating interest rates to debt with fixed rates, taking into account the potential impact on our profit, interest coverage and cash flows.

Foreign Exchange Risk

The functional currency of the Company is U.S. dollars, and our reportable profit is affected by fluctuations in foreign currency exchange rates. We collect most of our revenue from our projects in Renminbi and Korean Won, some of which are converted into foreign currencies to (1) purchase foreign-made equipment and parts for repair and maintenance, (2) make investments in certain joint ventures or acquire interests from other companies, (3) pay out dividends to the shareholders of our project companies, and (4) service our outstanding debt. By managing and monitoring the risks of foreign currency, we ensure that appropriate measures are adopted effectively in a timely manner. We have in the past and may in the future enter into foreign currency hedges if and when it becomes economical to do so.

V. PROSPECTS

In the future, the Company will make continuous efforts to develop clean and renewable energy, continue to give full play as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects, and keep on acquiring selected clean and renewable power generation projects with stable returns from CGN by batches. CGN will fully support the Group with, among other things, its strategic management, continuous supply chain, pre-emptive rights for selecting non-nuclear clean energy assets and excellent talents, and will continue to strengthen the Group's competitive position in the PRC while seeking growth opportunities in a disciplined manner outside the PRC to increase shareholder value. This will enable the Group to further expand its business scale and market share, which will in turn strengthen our competitiveness in the international market, profitability and return to shareholders, and accordingly strive to become one of the independent clean and renewable energy power producers with leading profitability in Asia.

Looking forward in 2016, the Company faces challenges from the economic downturn, the exchange rates fluctuation, the downward trends of both utilization hours and power tariff. We will endeavor to uphold our high standards of operation management, so as to maintain our leading status among industry players and achieve excellent results in this challenging environment.

Management Discussion and Analysis

EVENT OCCURRING AFTER THE REPORTING PERIOD

No other important events or transactions affecting the Remaining Group has taken place since 31 December 2015.

USE OF PROCEEDS

The Company was listed on the Main Board of the Stock Exchange on 3 October 2014. Net proceeds from the global offering (including the proceeds from the exercise of the overallotment option) were approximately HK$1,966.1 million (after deducting the underwriting fees and commissions and other listing-related expenses). As at 31 December 2015, the unutilised proceeds of approximately HK$579.9 million were deposited into short-term deposits.

Use of net proceeds from global offering

	Percentage to total amount	Net proceeds *(HK$ million)*	Utilised amount (up to 31 December 2015) *(HK$ million)*	Unutilised amount (up to 31 December 2015) *(HK$ million)*
Selective acquisition of clean and renewable power projects from CGN, the parent company of the Company	70%	1,376.3	1,376.3	–
Acquisition of operational power projects and development of greenfield projects acquired from independent third parties	30%	589.8	9.9	579.9
		1,966.1	1,386.2	579.9

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

(1) Mr. CHEN Sui（陳遂）

Mr. CHEN Sui（陳遂）, aged 51, is the Chairman and executive Director. Mr. Chen has been a Director and the Chairman since 3 January 2014. He was re-designated from a non-executive Director to an executive Director on 26 January 2015. He is principally responsible for overall corporate strategies planning and business development of the Group. Mr. Chen also serves as the chairman of the Nomination Committee and a member of the Strategy Development Committee of the Company. Mr. Chen concurrently serves as the Chairman of CGN Wind Energy Ltd.（中廣核風電有限公司）, CGN Solar Energy Development Co., Ltd.（中廣核太陽能開發有限公司）and CGN Energy Service Co., Ltd.（中廣核節能產業發展有限公司）, director of CGN Europe Energy Co., Ltd.（中廣核歐洲能源公司）, supervisor of CGN Power Co., Ltd.（中國廣核電力股份有限公司）(a company listed on the Stock Exchange, Stock Code: 1816). Mr. Chen has more than 27 years of experience in strategic planning, renewable energy development, construction, operation management and energy conservation management. He has previously served as assistant to the head of infrastructure planning division of the planning department of CGN, deputy general manager and manager of new energy development department of CGN Energy Development Co., Ltd.（中廣核能源開發有限責任公司）, general manager of CGN Wind Energy Ltd. Prior to joining China General Nuclear Power Corporation, Ltd.（中國廣核集團有限公司）(“**CGN**”), Mr. Chen worked as project manager and department manager of the business enterprise department of China Energy Conservation Investment Corporation（中國節能投資公司）, general manager of Beijing Guotou Energy Conservation Company（北京國投節能公司）under China Energy Conservation Investment Corporation. Mr. Chen received the qualification of Senior Engineer from the Senior Specialized Technical Services Qualification Committee for China Energy Conservation Investment Corporation（中國節能投資公司高級專業技術職務評審委員會）in December 2000. Mr. Chen obtained a Bachelor Degree in Engineering with a concentration in liquid rocket engine from National University of Defense Technology（國防科學技術大學）in July 1987 and a Master Degree in Management Engineering from Shanghai Jiao Tong University（上海交通大學）in November 1996.

(2) Mr. LIN Jian（林堅）

Mr. LIN Jian（林堅）, aged 52, is the President and executive Director. Mr. Lin has been a Director and Chief Executive Officer (title changed to “President” with effect from January 2014) since 9 October 2012. Mr. Lin also serves as a member of the Strategy Development Committee of the Company. He is principally responsible for leading and managing all the activities of the Group to achieve the goals and objectives set by the Board, identifying and recommending the short, medium and long-term business strategies, directing and executing the Group’s plans and budgets, directing and organizing the Group’s material, human and economic resources to deliver the corporate results, identifying and developing business opportunities to grow the Group. Mr. Lin also serves as the representative director of three wholly-owned subsidiaries of the Company in Korea. Mr. Lin has over 14 years of experience in the power industry. Mr. Lin was the general manager and a director of CGN Energy Development Co., Ltd.（中廣核能源開發有限責任公司）from September 2012 to May 2014. He served as the general manager of Guangdong Nuclear Power Joint Venture Co., Ltd.（廣東核電合營有限公司）from February 2006 to September 2012, and the general manager of Lingao Nuclear Power Co., Ltd.（嶺澳核電有限公司）and Lingdong Nuclear Power Co., Ltd.（嶺東核電有限公司）from April 2010 to September 2012. Mr. Lin also held various positions with China Guangdong Nuclear Power Group Co., Ltd.（中國廣東核電集團有限公司）(former name of CGN) from November 1999 to February 2006, including positions in the finance department and the business enterprise department, the manager of assets operations department and deputy secretary of finance and economic committee. Mr. Lin obtained a Bachelor Degree in Engineering with a concentration in Industrial Automation from Huazhong University of Science and Technology（華中科技大學）(formerly known as Huazhong Institute of Science and Technology（華中工學院）) in July 1984 and a Master Degree in Engineering with a concentration in Electronic Precision Machinery（電子精密機械專業）from the University of Electro-Communications in Japan（日本電氣通信大學）in March 1988. Mr. Lin was appointed as a director of Final Capital SDN BHD, a company incorporated in Malaysia, and its ultimate shareholder is CGN, with effect from 23 March 2016.

Biographies of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

(3) Mr. XU Yuan（徐原）

Mr. XU Yuan（徐原）, aged 53, has been the non-executive Director since 18 March 2015. Mr. Xu also serves as the general counsel and the general manager of the legal affairs department of CGN concurrently, as well as the general counsel and the general manager of the legal affairs department of CGN Power Co., Ltd.（中國廣核電力股份有限公司）(a company listed on the Main Board of the Stock Exchange, Stock Code: 1816). He also serves as a director of China General Nuclear Capital Holdings Co., Ltd.（中廣核資本控股有限公司）and CGN Europe Energy Co., Ltd.（中廣核歐洲能源公司）. Mr. Xu has over 17 years of experience in corporate legal issues and he served as the general manager of the legal affairs department of CGN for the period from April 2003 to January 2011. Mr. Xu obtained a Bachelor of Law degree from China University of Political Science and Law in July 1985.

(4) Mr. CHEN Qiming（陳啟明）

Mr. CHEN Qiming（陳啟明）, aged 53, is the non-executive Director. Mr. Chen has been a Director since 9 March 2012. Mr. Chen also serves as a member of the Strategy Development Committee of the Company. Mr. Chen is also a director of CGN Energy Development Co., Ltd.（中廣核能源開發有限責任公司）, Shenzhen Neng Zhi Hui Investment Co., Ltd.（深圳市能之匯有限公司）, CGNPC Uranium Resources Co., Ltd.（中廣核鈾業發展有限公司）and Guangdong Nuclear Investment Co., Ltd.（廣東核電投資有限公司）, the vice chairman and non-executive director of Silver Grant International Industries Limited（銀建國際實業有限公司）(a company listed on the Stock Exchange, Stock Code: 171), a non-executive director of CGN Mining Company Limited（中廣核礦業有限公司）(a company listed on the Stock Exchange, Stock Code: 1164) and the general manager of asset management department of CGN Power Co., Ltd.（中國廣核電力股份有限公司）(a company listed on the Stock Exchange, Stock Code: 1816). Mr. Chen has over 18 years of experience in commercial contract negotiations and execution. He has served as the general manager of asset management department (formerly known as "capital operation and property right management department" and"capital operation department") of CGN since October 2011, previously served as the deputy general manager of the same department from June 2011 to October 2011, the deputy general manager of capital operation department of China Guangdong Nuclear Power Group Co., Ltd.（中國廣東核電集團有限公司）(former name of CGN) from November 2009 to June 2011, the manager of contract and procurement department of China Nuclear Power Engineering Co., Ltd.（中廣核工程有限公司）from December 2007 to November 2009, the manager of contract purchasing department of Liaoning Hongyanhe Nuclear Power Co., Ltd.（遼寧紅沿河核電有限公司）from September 2006 to December 2007, the sub-division leader of the contract procurement team of the same company's preparatory office from January 2006 to September 2006, the head of contract business division under the capital operation department of China Guangdong Nuclear Power Group Co., Ltd.（中國廣東核電集團有限公司）(former name of CGN) from June 2003 to January 2006. He held various positions with Lingao Nuclear Power Co., Ltd.（嶺澳核電有限公司）from January 1996 to June 2003, including the manager of nuclear island installation contract in the construction contract division and the assistant to the head of construction contract division of engineering department. Prior to that, Mr. Chen was the manager of sales department of Fengjie Digital Network (Shenzhen) Co., Ltd.（峰杰數字網絡（深圳）有限公司）from August 1993 to January 1996. He also worked at the technology department of Framatome-Spie Batignolles Joint Venture Co., Ltd.（大亞灣核電站法馬通斯比公司）from November 1989 to August 1993 and the steelmaking laboratory of Maanshan Iron & Steel Research Institute（安徽馬鋼鋼鐵研究所煉鋼研究室）, a subsidiary of Maanshan Iron & Steel Company Limited, from July 1984 to November 1989. Mr. Chen received the qualification of Senior Engineer from Senior Engineer Positions Qualification Committee for CGN Group Engineering Services（中國廣東核電集團工程系列高級工程師職務資格評審委員會）in August 2002. Mr. Chen obtained a Bachelor Degree in Engineering with a concentration in metallurgy of iron and steel from the East China University of Metallurgy（華東冶金學院）in July 1984 and a Master Degree in Economics with a concentration in International Trade from the University of International Business and Economics（對外經濟貿易大學）in June 2003.

Biographies of Directors and Senior Management

(5) Mr. YIN Engang (尹恩剛)

Mr. YIN Engang (尹恩剛), aged 47, has been the non-executive Director since 18 March 2015. Mr. Yin also serves as a member of each of the Audit Committee and the Investment and Risk Management Committee of the Company. Mr. Yin holds the position of general manager of the finance department of CGN and serves as a non-executive director of CGN Mining Company Limited (中廣核礦業有限公司) (a company listed on the Main Board of the Stock Exchange, Stock Code: 1164) concurrently. He also serves as a director of CGNPC International Limited (中廣核國際有限公司). Mr. Yin has almost 20 years of experience in finance and audit and he served as the chief financial officer of China Guangdong Nuclear Power Industry Investment Fund Management Co., Ltd. (中廣核產業投資基金管理有限 公司) for the period from July 2008 to March 2014. Mr. Yin graduated from Shaanxi School of Mechanics (陝西機械學院) with a Bachelor of Industrial Accounting Degree in July 1990 and obtained a Master of Management Engineering degree from Shaanxi School of Mechanics (陝西機械學院) in April 1993. Mr. Yin is a qualified senior accountant.

(6) Mr. DAI Honggang (戴洪剛)

Mr. DAI Honggang (戴洪剛), aged 45, is the non-executive Director. Mr. Dai has been a Director since 7 March 2011. Mr. Dai serves as the chairman of the Investment and Risk Management Committee and the Strategy Development Committee of the Company, and a member of the Remuneration Committee of the Company. Mr. Dai also serves as a director of CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司) and the deputy general manager of strategies and planning department of CGN Power Co., Ltd. (中國廣核電力股份有限公司) (a company listed on the Stock Exchange, Stock Code: 1816). Mr. Dai has over 11 years of experience in business planning and management. He has served as the assistant to general manager of strategies and planning department of CGN since August 2011, and held various senior positions in the strategies and planning department and the assets operations department of CGN from December 2002 to August 2011, including the head of evaluation and statistics division, senior manager of operations and evaluation, the deputy head of operation and evaluation division of strategies and planning department, the deputy head of operation and management division and the investment management officer of assets operations department. Mr. Dai worked at the business development department of Guangdong Nuclear Power Industrial Development Co., Ltd. (廣東核電實業開發有限公司) from January 2002 to May 2002, the engineering department of CGN Datang Real Estate Co., Ltd. (中廣核電大唐置業有限公司) from February 1996 to September 1999, and the operation division of the production department of Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) from July 1990 to December 1994. Mr. Dai received the qualification of Economist from the Ministry of Personnel (國家人事部) (former name of the Ministry of Human Resources and Social Security (人力資源與社會保障部)) in November 2004. Mr. Dai obtained a university diploma in nuclear reactor engineering from Shanghai Jiao Tong University (上海交通大學) in July 1990, a Bachelor Degree in Monetary Banking from Shanghai Jiao Tong University (上海交通大學) in July 1997, a Master Degree in Business Administration from the Maastricht School of Management in the Netherlands in August 2000 and a Master Degree in Computer Based Information Systems from the University of Sunderland in the United Kingdom in November 2001.

(7) Mr. XING Ping (邢平)

Mr. XING Ping (邢平), aged 51, is the non-executive Director. Mr. Xing has been a Director since 9 April 2013. Mr. Xing serves as a member of the Investment and Risk Management Committee of the Company. Mr. Xing also serves as a director of the board of several subsidiaries of CGN, including CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司), CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司) and CGN Wind Energy Ltd. (中廣核風電有限公司), as well as chairman (convener) of the investment and risk management committee on the board of directors of CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司) and CGN Wind Energy Ltd. (中廣核風電有限公司). Mr. Xing has over 27 years of experience in corporate governance, investment and risk management, having previously served as the senior audit director and chief engineer of China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) and senior engineer at Lingao Nuclear Power Co., Ltd. (嶺澳核電有限公司). Mr. Xing received the qualification of Senior Engineer from CGN in December 2000 and the qualification of Registered Supervision Engineer (國家註冊監理工程師) from the Ministry of Personnel (人事部) (former name of the Ministry of Human Resources and Social Security (人力資源與社會保障部)) and the Ministry of Construction (建設部) (former name of the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部)) of the People's Republic of China in December 1997. Mr. Xing graduated from China Three Gorges University (三峽大學) (formerly known as Gezhou Ba Hydro Power Engineering Institute (葛洲壩水電工程學院)) in July 1986, majoring in power automation.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

(8) Mr. LEUNG Chi Ching Frederick（梁子正）

Mr. LEUNG Chi Ching Frederick（梁子正）, aged 57, has been the independent non-executive Director since 17 September 2014. Mr. Leung also serves as the chairman of the Audit Committee of the Company. Mr. Leung has over 30 years of professional and industrial experience in management, corporate governance, corporate finance, banking and accounting. He was previously an executive director, chief finance officer and company secretary of Skyworth Digital Holdings Limited ("**Skyworth**") (a company listed on the Stock Exchange, Stock Code: 751). In his almost nine years of services in Skyworth, he was mainly responsible for the company's successful resumption of trading of its shares and strengthening of its internal controls, accounting system, corporate governance and investor relations management. In 2011 and 2013, Skyworth was awarded by Asia Money as the Best Managed Medium Cap Company in China of 2011 and by Forbes as Asia's Fabulous 50 of 2013, respectively. Furthermore, Mr. Leung accumulated 14 years' working experience in Deloitte Touche Tohmatsu. He left Deloitte Touche Tohmatsu in June 1999 as a principal of corporate finance. Mr. Leung obtained a Bachelor Degree of Science in Business Administration (major in Accounting) from the University of The East in the Philippines in November 1981. He became an associate member of the Hong Kong Institute of Certified Public Accountants in April 1997 and has been its fellow member since October 2013. Also, he has been a member of the American Institute of Certified Public Accountants since December 1996. He has been a member of the Hong Kong Securities and Investment Institute since April 1999 and has been its fellow member since April 2015. In addition, He has been a founding member of the Hong Kong Independent Non-Executive Director Association since November 2015.

(9) Mr. FAN Ren Da Anthony（范仁達）

Mr. FAN Ren Da Anthony（范仁達）, aged 55, has been the independent non-executive Director since 17 September 2014. Mr. Fan also serves as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He has been the managing director of AsiaLink Capital Limited（東源資本有限公司）since October, 2003. He is also an independent non-executive director of over ten public companies listed on the Stock Exchange, including Raymond Industrial Ltd.（利民實業有限公司）(a company listed on the Stock Exchange, Stock Code: 229), CITIC Resources Holdings Limited（中信資源控股有限公司）(a company listed on the Stock Exchange, Stock Code: 1205), Uni-President China Holdings Ltd.（統一企業中國控股有限公司）(a company listed on the Stock Exchange, Stock Code: 220); Renhe Commercial Holdings Company Limited（人和商業控股有限公司）(a company listed on the Stock Exchange, Stock Code: 1387); Shanghai Industrial Urban Development Group Limited（上海實業城市開發集團有限公司）(a company listed on the Stock Exchange, Stock Code: 563), Hong Kong Resources Holdings Company Limited（香港資源控股有限公司）(a company listed on the Stock Exchange, Stock Code: 2882), China Development Bank International Investment Limited（國開國際投資有限公司）(a company listed on the Stock Exchange, Stock Code: 1062), Guodian Technology & Environment Group Corporation Limited（國電科技環保集團股份有限公司）(a company listed on the Stock Exchange, Stock Code: 1296), LT Commercial Real Estate Limited（勒泰商業地產有限公司）(a company listed on the Stock Exchange, Stock Code: 112), Technovator International Limited（同方泰德國際科技有限公司）(a company listed on the Stock Exchange, Stock Code: 1206); Tenfu (Cayman) Holdings Company Limited（天福（開曼）控股有限公司）(a company listed on the Stock Exchange, Stock Code: 6868) and Neo-Neon Holdings Limited（同方友友控股有限公司）(a company listed on the Stock Exchange, Stock Code: 1868). Mr. Fan obtained a Master Degree in Business Administration from the University of Dallas in the U.S. in December 1986.

Biographies of Directors and Senior Management

(10) Mr. WANG Susheng (王蘇生)

Mr. WANG Susheng (王蘇生), aged 47, has been the independent non-executive Director since 17 September 2014. Mr. Wang also serves as a member of the Strategy Development Committee of the Company. He is currently a professor and supervisor for doctoral students at the Urban Planning and Management School under Shenzhen Graduate School of Harbin Institute of Technology (哈爾濱工業大學) and president of Shenzhen Public Administration Institute (深圳市公共管理學會). He is also currently an independent non-executive director of several listed companies, including Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司) (a company listed on the Stock Exchange, Stock Code: 2238), Shenzhen Rapoo Technology Co., Ltd. (深圳雷柏科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock Code: 002577) and Shenzhen Terca Technology Co., Ltd. (深圳市特爾佳科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock Code: 002213). His prior experience includes financial engineering, investment management, taxation, accounting management, corporate finance, public administration and venture capital management. He has previously worked at various companies, including Weishen Securities Co., Ltd. (蔚深證券有限責任公司). Mr. Wang obtained a Chartered Public Accountants (註冊會計師) qualification from The Chinese Institute of Certified Public Accountants in May 1997 and Chartered Financial Analyst (註冊金融分析師) qualification from CFA Institute in September 2004. He was admitted as an attorney in the PRC in June 1997. Mr. Wang obtained a master's degree in economics from Renmin University of China (中國人民大學) in June 1994, a doctoral degree in law from Peking University (北京大學) in July 2000, a Post-Doctoral Degree in management from Tsinghua University (清華大學) in September 2002 and Master of Business Administration Degree from University of Chicago in the U.S. in March 2004. Mr. WANG Susheng resigned as an independent non-executive Director of Shenzhen KSTAR Science & Technology Co., Ltd. with effect from 11 September 2015.

(11) Mr. ZHANG Dongxiao (張東曉)

Mr. Zhang Dongxiao (張東曉), aged 49, has been the independent non-executive Director since 7 July 2015. Mr. Zhang also serves as the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Zhang has been a professor of Peking University (北京大學) since 2010 and has been the dean of the school of engineering at Peking University since 2013. He has previously held various positions at various institutions, including as Gordon S. Marshall professor of water resources & petroleum engineering, the Sonny Astani department of civil and environmental engineering and the Mork Family department of chemical engineering and materials science of the University of Southern California, the United States of America from 2007 to 2010, as Miller Chair professor at Mewbourne School of Petroleum and Geological Engineering of the University of Oklahoma, the United States of America from 2004 to 2007 and as senior research scientist and team leader of earth and environmental sciences division at the Los Alamos National Laboratory from 1996 to 2004. Mr. Zhang obtained a Bachelor Degree in Mining Engineering in July 1988 from Northeastern University (東北大學). He also obtained a Master Degree, a Doctoral Degree and a Post-Doctoral Degree in Hydrology from the University of Arizona, the United States of America, in December 1992, December 1993 and February 1995 respectively.

GENERAL

Save as disclosed above,

(1) the Directors did not hold any directorship in other listed public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years prior to the date of this report and does not hold any other positions with the Company or other members of the Group; and

(2) the Directors do not have other relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

(1) Mr. CHEN Sui (陳遂)

Mr. CHEN Sui (陳遂) is the Chairman of the Company. See "– Directors – Executive Directors" in this report for details of Mr. Chen's biography.

(2) Mr. LIN Jian (林堅)

Mr. LIN Jian (林堅) is the President of the Company. See "– Directors – Executive Directors" in this report for details of Mr. Lin's biography.

(3) Mr. LI Xiaoxue (李曉學)

Mr. LI Xiaoxue (李曉學), aged 51, joined the Company in June 2015. He is currently serving as the senior vice president of the Company. Prior to joining the Company, Mr. Li was an assistant engineer of Northeast Electric Power Research Institute (東北電力科學研究院) from July 1986 to February 1990. From February 1990 to May 1995, he held several positions in Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) including the person in charge for commissioning in the commission team of engineering department, as well as the engineer of maintenance and repair division for instruments of production department. From May 1995 to July 2003, he held several positions in Lingao Nuclear Power Co., Ltd. (嶺澳核電有限公司) including the engineer of the design division of electrical instrument and control of engineering department, engineer of the working team in Europe, engineer of license application division and division head of the general operation and design department of engineering department, deputy head of the design division for nuclear Islands of engineering department, and the deputy head of the license application division of engineering department. Mr. Li served as the manager assistant of the planning and design department of Guangsihe Company (廣四核公司) from July 2003 to June 2004; the manager assistant of the design department of China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) from June to November in 2004. He served as manager assistant in the development and planning department of CGN from November 2004 to December 2005. Mr. Li also held serval positions in China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) from December 2005 to August 2011, including the manager of Hongyanhe on-site project, manager of new project development department and general manager of new projects. Since August 2011 to date, he has been the general manager of CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司) and secretary to the Communist Party Committee and the general manager of the investment and development department of CGN. Mr. Li obtained a Master Degree in Engineering from the Huazhong University of Science and Technology (華中科技大學) in 2007 and a Bachelor Degree in Engineering majoring in Power System and Automation from Xian Jiaotong University (西安交通大學) in July 1986. Mr. Li holds professional qualification as a senior engineer.

(4) Mr. SUN Yi (孫毅)

Mr. SUN Yi (孫毅), aged 58, joined the Company on 3 January 2014 as the senior vice president responsible for the Hydro Power Business Unit. Prior to that, Mr. Sun is primarily responsible for overseeing the Safety and Technical Department, the Internal Audit Department and the Office Administration and Corporate Culture Department. Mr. Sun has over 22 years of experience in engineering and management of power project. Prior to joining the Company, Mr. Sun worked in various subsidiaries of CGN, which he held managerial positions such as Deputy General Manager, Director, and Safety Technical Adviser (STA) from July 2003 to December 2013. Prior to that, Mr. Sun worked at the Production and Nuclear Safety Department, and Engineer Department of CGN and its subsidiaries. He began his career in the power industry in Jiangxi Electric Power Design Institute, where he worked as an engineer from February 1982 to June 1991. Mr. Sun obtained the Nuclear Power Plant Senior Reactor Operator License (核電站反應堆高級操縱員執照) in October 1998, was qualified as Nuclear Safety Engineer (註冊核安全工程師) in June 2004 and awarded as Professor Level Senior Engineer by CGN in December 2008. He also obtained the qualification of certified Senior Enterprise Risk Manager in April 2010. Mr. Sun obtained a bachelor's degree in thermal energy and power engineering from Zhejiang University (浙江大學) in January 1982 and a master's degree in business management from the Renmin University of China (中國人民大學) in July 1996.

Biographies of Directors and Senior Management

(5) Mr. LI Yilun（李亦倫）

Mr. LI Yilun（李亦倫）, aged 43, joined the Company in June 2015. He is currently serving as the senior vice president of the Company. Prior to joining the Company, Mr. Li held several positions in Inner Mongolia Wind Power Corporation（內蒙古風電公司）from July 1997 to July 2006, including operation inspector, supervisor of infrastructure department, deputy head and head of production and technical department, as well as plant manager of wind power plant in Huitengxile（輝騰錫勒風電廠）. He was the deputy director of Huanghai Wind Power Preparatory Office of Suzhou Nuclear Power Research Institute（蘇州熱工研究院有限公司）from July 2006 to April 2007. Since April 2007, he served several positions in CGN Wind Energy Ltd.（中廣核風電有限公司）including deputy general manager of the Eastern China Branch, general manager of the Northeast China Branch, as well as the assistant to the general manager and the deputy general manager of CGN Wind Energy Ltd.（中廣核風電有限公司）. Since January 2015 to date, he has been general manager and deputy secretary to the Communist Party Committee of CGN Wind Energy Ltd.（中廣核風電有限公司）. Mr. Li obtained a Bachelor Degree in Engineering majoring in Power System and Automation from China Agricultural University（中國農業大學）in July 1997, and a Master Degree in Engineering majoring in Safety Technology and Engineering from Chinese University of Mining and Technology（中國礦業大學）in August 2005. Mr. Li holds profession qualification as a senior engineer.

(6) Ms. LIANG Bin（梁濱）

Ms. LIANG Bin（梁濱）, aged 50, joined the Company in January 2015. She is currently the chief auditor and the secretary of the discipline committee of the Company. Prior to joining the Company, Ms. Liang served in Guangdong Nuclear Power Joint Venture Co., Ltd.（廣東核電合營有限公司）from July 1987 to July 1994 in the positions of secretary to the construction manager of the engineering department, technical secretary to the office in Europe and secretary to the manager. From August 1994 to July 2011, she served CGN in various positions including the secretary, the secretarial officer, the secretary to the Board, Secretary of the Communist Party Committee, head of the organization division（組幹處處長）, assistant to the director of the working department of the Communist Party Committee（黨組工作部主任助理）. She was the deputy director of the supervisory and auditing department of China General Nuclear Power Corporation, Ltd.（中國廣核集團有限公司）from July 2011 to January 2015 and concurrently served as the deputy director of CGN Power Co., Ltd.（中國廣核電力股份有限公司）from May 2014 to January 2015. Ms. Liang obtained a bachelor of Arts degree in English from Guangzhou Foreign Language School（廣州外國語學院）in July 1987.

(7) Mr. YAO Wei（姚威）

Mr. YAO Wei（姚威）, aged 40, joined the Company in January 2015. He is currently the chief accountant of the Company. Prior to joining the Company, Mr. Yao held several positions in the finance department of Guangdong Nuclear Power Joint Venture Co., Ltd.（廣東核電合營有限公司）from July 1997 to March 2003. From March 2003 to May 2007, he served in several positions in Daya Bay Nuclear Power Operations and Management Co., Ltd.（大亞灣核電運營管理有限責任公司）including deputy director and director of fixed asset in asset division of finance department, and the head of the internal control unit of account division of the finance department; From May 2007 to September 2011, he served in several positions in the finance department in CGN including budget management director of budget division, tax management manager, senior tax management manager and head of comprehensive finance division. He served as the Company's chief accountant of CGN Wind Energy Ltd. from September 2011 to January 2015. Mr. Yao obtained a bachelor's degree in economics (Accounting) from Zhongnan University of Economics and Law（中南財經大學）in June 1997. He holds professional qualifications as Chartered Public Accountants.

Biographies of Directors and Senior Management

(8) Mr. LI Jing (李靖)

Mr. LI Jing (李靖), aged 50, joined the Company in January 2015. He is currently the safety director of the Company. Prior to joining the Company, Mr. Li served in the design division of nitrogenous fertiliser factory of Nanning Chemical Industry Co., Ltd. (南化公司氮肥廠) from July 1987 to February 1992; manager office of the engineering department of Lingao Nuclear Power Co., Ltd. from February 1992 to June 1994; the production department of Guangdong Nuclear Power Joint Venture Co., Ltd. from July 1994 to March 2003; and the maintenance department of Daya Bay Nuclear Power Operations and Management Co., Ltd from March 2003 to August 2004. From September 2004 to May 2010, he held several positions in the commissioning department of China Nuclear Power Engineering Co., Ltd., including the head of commissioning division for nuclear islands, manager assistant and head of commissioning division for nuclear islands, manager assistant, manager assistant and director of the commissioning manager office. From May 2010 to January 2013, he held several positions in CGN, including the deputy general manager of safety and engineering management department and deputy general manager of safety and information management department. Mr. Li served as deputy general manager of safety and information management department and deputy general manager of safety and quality assurance department of China General Nuclear Power Corporation, Ltd. from January 2013 to January 2015, and concurrently as deputy general manager of safety and quality assurance department of CGN Power Co., Ltd. since May 2014. He obtained a bachelor's degree in engineering majoring in chemical engineering from Nanjing College of Chemical Engineering (南京化工學院) in July 1987, and a Master Degree in Engineering majoring in industrial engineering from Huazhong University of Science and Technology (華中科技大學) in February 2001. Mr. Li holds professional qualification as a senior engineer.

(9) Mr. LIU Luping (劉路平)

Mr. LIU Luping (劉路平), aged 52, joined the Company on 3 January 2014 as the senior vice president. Mr. Liu served as the chief engineer of the Company on 23 January 2015. Currently, he is principally responsible for the works in the investment and assessment center and Technology Committee of the Company. Mr. Liu has over 30 years of experience in technological research and design, construction management and investment management in the renewable energy sectors including hydraulic-and-hydro power, wind power, solar energy. Prior to that, Mr. Liu worked at Hydrochina Corporation Zhongnan Engineering Corporation (中國水電顧問集團中南勘測設計研究院) for 29 years, where he started as a Technician in July 1984 and his last role held was Vice Director. Mr. Liu obtained the Senior Economist (高級經濟師) qualification from Zhongnan Engineering Corporation (國家電力公司中南勘測設計研究院) in December 1998, the State Registered Supervision Engineer (國家註冊監理工程師) qualification from the Ministry of Personnel and the Ministry of Construction of the PRC (中華人民共和國人事部和建設部) in May 1998, the Professor Level Senior Engineer (教授級高級工程師) qualification from Hydrochina Corporation (中國水電工程顧問集團公司) in December 2003 and the Senior Project Manager (高級項目管理師) qualification from Occupational Skills Testing Authority of the Ministry of Labour and Social Security (勞動和社會保障部職業技能鑒定中心) in July 2006. He has also won several Provincial Science and Technology Progress Awards (省部級科技進步獎). Mr. Liu obtained a Bachelor Degree in Solid Mechanics from Central Institute of Technology (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in July 1984 and an EMBA degree from Huazhong University of Science and Technology in December 2008.

(10) Mr. LEE Kin (李健)

Mr. LEE Kin (李健), aged 43, joined the Company on 1 June 2007 as the controller. He has been the company secretary of the Company since 26 January 2015. He has been working in public accounting firms and several different industries in commercial sector. He has over 20 years of experience in areas of internal control, financing, investor relations and corporate strategy. Mr. Lee obtained a Bachelor Degree in Engineering from the Chinese University of Hong Kong in 1994, Master of Business Administration from the University of Warwick, United Kingdom in 2004 and Master of Corporate Governance (with distinction) from the Hong Kong Polytechnic University in 2013. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA), the Association of Chartered Certified Accountants (ACCA), the Hong Kong Institute of Chartered Secretaries (HKICS) and the Institute of Chartered Secretaries and Administrators (ICSA), a member of the Chartered Institute of Management Accountants (CIMA), and a Chartered Financial Analyst (CFA) respectively. Mr. Lee is currently the chairman of the Association of Chartered Certified Accountants — Hong Kong, a Standing Committee member of the Chinese University of Hong Kong Convocation, and the Executive Vice-Chairperson of the Youth Committee of the Hong Kong Chinese Enterprises Association.

Report of the Directors

The directors (the "**Directors**") of CGN New Energy Holdings Co., Ltd. (the "**Company**") are pleased to present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company and its subsidiaries (the "**Group**") are engaged in the generation and supply of electricity and steam, construction and operation of power stations and other associated facilities in the PRC and Korea.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the "Management Discussion and Analysis" section of this Annual Report, which forms part of this report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income in the annual report.

The board of Directors of the Company (the "**Board**") recommends that 0.44 US cents (equivalent to 3.44 HK cents) per share of the Company be distributed as final dividends for the year ended 31 December 2015. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Wednesday, 18 May 2016 (the "**2016 AGM**"), is expected to be paid on Wednesday, 29 June 2016 to shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Tuesday, 14 June 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend the 2016 AGM, the register of members of the Company will be closed from Monday, 16 May 2016 to Wednesday, 18 May 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the 2016 AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on Friday, 13 May 2016.

For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed will be closed from Friday, 10 June 2016 to Tuesday,14 June 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at the above address not later than 4:30 p.m. on Wednesday, 8 June 2016.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 157. The summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2015 are set out in note 35 to the consolidated financial statements.

Report of the Directors

PRE-EMPTIVE RIGHTS

The shares of the Company (the "**Shares**") are subject to the rights, privileges and restrictions set forth in the memorandum of association and bye-laws of the Company (the "**Bye-laws**") and are not subject to any pre-emptive or similar rights under the Companies Act 1981 of Bermuda or pursuant to the Bye-laws.

ISSUE AND LISTING OF SHARES

The Company completed its global offering and the Shares were first listed on the Stock Exchange on 3 October 2014. 1,189,024,000 ordinary Shares were issued in the global offering. Net proceeds from the global offering (including the proceeds from the exercise of the over-allotment option) was approximately HK$1,966.1 million (after deducting the underwriting fees and commissions and other listing-related expenses). Please refer to the section headed "Management discussion and analysis" in the annual report for more details of the use of proceeds as at 31 December 2015.

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

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2015 are set out in note 43 to the consolidated financial statements and in the consolidated statement of changes in equity on page 70 respectively.

DISTRIBUTABLE RESERVES

The aggregate amount of reserves available for distribution to equity shareholders of the Company as of 31 December 2015 was approximately US$72.5 million.

LARGEST CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, the Group's five largest customers accounted for approximately 81.0% of the Group's total revenue and the Group's largest customer for the year accounted for approximately 47.3% of the Group's total revenue. The Group's five largest suppliers accounted for approximately 97.8% of the Group's total purchases, while the largest supplier for the year accounted for approximately 92.1% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective close associates (as defined in the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) or any of the Shareholders who owns more than 5% of the Company's number of issued Shares has any interest in any of the Group's five largest customers or suppliers.

Report of the Directors

DIRECTORS

The Directors since 1 January 2015 and up to the date of this report were:

Executive Directors:

Mr. Chen Sui *(Chairman)* (Re-designated from non-executive Director to executive Director on 26 January 2015)
Mr. Lin Jian *(President) (Note)*

Non-executive Directors:

Mr. Xu Yuan (appointed with effect from 18 March 2015)
Mr. Chen Qiming
Mr. Yin Engang (appointed with effect from 18 March 2015)
Mr. Chen Huijiang (resigned with effect from 18 March 2015)
Mr. Dai Honggang
Mr. Lin Beijing (resigned with effect from 18 March 2015)
Mr. Xing Ping

Independent Non-executive Directors:

Mr. Leung Chi Ching Frederick
Mr. Fan Ren Da Anthony
Mr. Wang Susheng
Mr. Zhang Dongxiao (appointed with effect from 7 July 2015)
Mr. Shen Zhongmin (resigned with effect from 13 April 2015)

Note: Mr. Lin Jian was appointed by Mr. Chen Sui as his alternative director for the period from 13 April 2015 to 12 July 2015 (both days inclusive) due to Mr. Chen's attendance of an important training.

Mr. Chen Huijiang has resigned from the office of a non-executive Director, a member of the Audit Committee and the Investment and Risk Management Committee of the Company with effect from 18 March 2015 due to his other assignments in China General Nuclear Power Corporation, Ltd. Mr. Lin Beijing has resigned from the office of a non-executive Director with effect from 18 March 2015 due to his retirement. Mr. Shen Zhongmin has resigned from the office of an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company, with effect from 13 April 2015, due to his other business commitments.

Under the Bye-laws, the existing Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company.

In accordance with bye-law 84 of the Bye-laws, Mr. Lin Jian, Mr. Chen Qiming, Mr. Dai Honggang and Mr. Xing Ping will retire by rotation at the 2016 AGM and, being eligible, have offered themselves for re-election.

The retiring Directors, if re-elected, will hold office from the date of re-election to the conclusion of the annual general meeting of the Company to be held in 2019, subject to earlier determination in accordance with the Bye-laws and/or any applicable laws and regulations.

The Company has received, from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the 2016 AGM has or will have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2015 or at any time during the year ended 31 December 2015.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACT OF SIGNIFICANCE

Other than the continuing connected transactions as stated in the section headed "Continuing Connected Transactions" of this report, no contract of significance between the Company or its subsidiaries and the controlling shareholder of the Company or its subsidiaries subsisted at the end of the year ended 31 December 2015 or at any time during the year ended 31 December 2015.

TAXATION

Under present Bermuda law, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or its members, other than members ordinarily resident in Bermuda. Further, no such tax is imposed by withholding or otherwise on any payment to be made to or made by the Company.

STAMP DUTY

Under present Bermuda law, the Company is exempt from all stamp duties in Bermuda except on transactions involving "Bermuda property". This term relates, essentially, to real and person property physically situated in Bermuda, including the shares of local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from stamp duty in Bermuda.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, were as follows:

Interests in options relating to ordinary shares of the Company

Name of Director	Capacity/Nature of Interest	Number of securities held/interested	Approximate percentage of interests held *(Note ii)*
Chen Sui	Beneficial owner *(Note i)*	700,000 share options	0.02%
Lin Jian	Beneficial owner *(Note i)*	700,000 share options	0.02%

Notes:

(i) On 8 December 2015, 700,000 share options were granted to each of Chen Sui and Lin Jian with an exercise price at HK$1.612.

(ii) The approximate percentage of interests held was calculated on the basis of 4,290,824,000 ordinary Shares in issue as at 31 December 2015.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had, or were taken or deemed to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Approximate % of Shareholding
China General Nuclear Power Corporation, Ltd. ("**CGN**") *Note (1)(2)(3)*	Interests in controlled corporation (long position)	3,119,738,000	72.71%
CGNPC International Limited ("**CGNPC International**") *Note (2)(3)*	Interests in controlled corporation (long position)	3,101,800,000	72.29%
CGNPC Huamei Investment Limited ("**CGNPC Huamei**") *Note (2)(3)*	Beneficial owner (long position)	3,101,800,000	72.29%

Notes:

(1) CGN indirectly holds 100% of the total issued share capital of CGNPC Huamei. As informed by CGN, CGN was deemed to be interested in 3,119,738,000 Shares, in which 3,101,800,000 Shares were held directly by CGNPC Huamei (a controlled corporation of CGN International), and 17,938,000 shares were held by certain other companies that are controlled directly or indirectly by CGN. There could be a difference between the shareholding of CGN in the Company as at 31 December 2015 and the disclosure of interest information disclosed on the website of the Stock Exchange, as the disclosure of interest information disclosed on the Website of the Stock Exchange represents information disclosed by CGN pursuant to its obligation under Section 336 of the SFO only. For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against CGNPC International and CGNPC Huamei represented the same block of shares.

(2) CGNPC International directly holds 70.59% of the total issued share capital of CGNPC Huamei, which directly holds approximately 72.29% of the issued share capital of the Company, and CGNPC International also indirectly holds 29.41% of the total issued share capital of CGNPC Huamei, through its wholly-owned subsidiary Gold Sky Capital Limited. Accordingly, CGNPC International is deemed to have an interest in all Shares held by CGNPC Huamei. For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against CGNPC International and CGNPC Huamei represented the same block of shares.

(3) Save as disclosed in the section headed "Directors and senior management" in the annual report, as of the date of this report, none of the Directors is a director or employee of a company which had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted by the Company on 24 November 2015 for the purpose of enabling the Company to (i) establish incentive and mechanism that is in line with market practice and satisfies the Company's development strategy needs so as to facilitate long-term development of the Company and maximise Shareholders' value, and (ii) optimise the remuneration structure of core employees of the Company such that the competitiveness of the Company's remuneration system may be enhanced, which will in turn attract and retain core management and technical staff to serve the Company for a long period of time. No share options were exercised nor cancelled and 630,000 share options were lapsed during the year ended 31 December 2015.

(1) ELIGIBLE PARTICIPANTS TO THE SHARE OPTION SCHEME

The Board may, at its absolute discretion and on such terms as it may think fit, grant options (the "**Options**") to any eligible participants (the "**Eligible Participants**") to subscribe at a price calculated in accordance with paragraph (8) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any of the Eligible Participants to any Options shall be determined by the Directors from time to time on the basis of his/her contribution to the development and growth of the Group in the opinion of the Directors.

Report of the Directors

(2) MAXIMUM NUMBER OF SHARES AVAILABLE FOR EXERCISE

The total number of new Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other effective share option schemes (if any) of the Company must not in aggregate exceed 10% of the total number of issued Shares of the same class as at the date of approval of the Share Option Scheme which is 429,082,400 Shares (the "**Scheme Mandate Limit**"), representing 10% of the issued share capital of the Company as at the date of this annual report.

The Company may at any time as the Board thinks fit seek approval from the Shareholders to refresh the Scheme Mandate Limit save that the total number of new Shares in respect of which Options may be granted under the Share Option Scheme and any other share option schemes shall not exceed 10% of the total number of Shares in issue as at the date on which the Shareholders approve the refreshment of the Scheme Mandate Limit and the maximum number of new Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes shall not exceed 30% of the total number of Shares in issue from time to time.

The total number of securities available for issue under the scheme is 394,102,400, representing 9.18% of the issued share capital of the Company as at the date of this annual report.

(3) MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted under the Share Option Scheme and any other effective share option scheme(s) (if any) of the Company to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of issued Shares of the same class.

GRANT OF OPTIONS TO CONNECTED PERSONS

Pursuant to Rule 17.04 of the Listing Rules:

(a) Any grant of Options to an Eligible Participant who is a Director, chief executive or substantial Shareholder (as defined under the Listing Rules) of the Company or their respective associates (including a discretionary trust whose discretionary objects include a Director, chief executive or a substantial Shareholder of a company beneficially owned by any Director, chief executive or substantial Shareholder) must be approved by the independent non-executive Directors.

(b) Where the Board proposes to grant any Option to an Eligible Participant who is a substantial Shareholder or its associates (including a discretionary trust whose discretionary objects include a substantial Shareholder or a company beneficially owned by any substantial Shareholder) would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

i. representing in aggregate more than 0.1% of the total number of Shares in issue; and

ii. having an aggregate value, based on the closing price of the Shares at the date of each grant, over HK$5,000,000.00,

such proposed grant of Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting at such general meeting (except that any connected person may vote against the relevant resolution provided that his intention to do so has been stated in this circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

No Eligible Participant is granted with options in excess of the individual limit during the year ended 31 December 2015.

Report of the Directors

(4) TIME OF EXERCISE OF OPTION

An Option may be exercised at any time during a period of 3 years from the date after the completion of the minimum period for which the Option must be held as described in paragraph (5) below.

(5) EXERCISABLE PERIOD

Subject to the fulfilment of the exercise conditions as described in paragraph (6) below, the Options are exercisable (subject as provided below) during each Exercisable Period specified below for up to the number of Shares specified below:

Maximum number of Shares	Exercisable Period
approximately one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 24 months from the offer date to the last business day in the 60th month after the offer date
approximately an additional one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 36 months from the offer date to the last business day in the 72th month after the offer date
approximately the remaining one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 48 months from the offer date to the last business day in the 84th month after the offer date

**Note:* The Board may at its absolute discretion determine the exact number of the Shares fall to be issued on exercise of the Options.

(6) EXERCISE CONDITIONS

The Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any Option, any performance targets or conditions that must be satisfied before the Option can be exercised as part of the terms and conditions of any Option.

(7) OFFER OF OPTIONS

The Company and Eligible Participants shall enter into a share option agreement upon the offer to set out the rights and obligations of both parties. Share option agreement shall contain information among others, names, number of identification card, address, correspondence, and any other matters. Eligible Participants shall pay HK$1.00 to the Company as the nominal consideration upon acceptance of the offer.

(8) EXERCISE PRICE FOR SHARES

The exercise price for Shares issuable under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share on the offer date.

(9) PERIOD OF THE SHARE OPTION SCHEME

The Share Option Scheme will remain in force for a period of 10 years commencing from the date on which the Share Option Scheme is adopted by the Shareholders, unless otherwise terminated under the terms of the Share Option Scheme.

Report of the Directors

As of 31 December 2015, options to subscribe for 34,980,000 Shares were outstanding, details of which are set out in note 34 to the consolidated financial statements and below:

		Number of Share Options							
Grantee	**Date of grant**	**as at 1 January 2015**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**as at 31 December 2015**	**Exercise price per share**	**Closing price per share immediately before the date of grant**	**Exercise period**
							(HK$)	*(HK$)*	
Chen Sui	8 December 2015	–	700,000	–	–	700,000	1.612	1.640	*Note 2*
Lin Jian	8 December 2015	–	700,000	–	–	700,000	1.612	1.640	*Note 2*
Employees	8 December 2015	–	33,050,000	–	630,000	32,420,000	1.612	1.640	*Note 2*
Employees	30 December 2015	–	1,160,000	–	–	1,160,000	1.712	1.730	*Note 2*
		–	35,610,000	–	630,000	34,980,000			

Note 1: No options were cancelled during the year.

Note 2: Subject to the fulfilment of the exercise conditions and the expiry of two years from the date of grant, the options are exercisable during each period specified below for up to the number of shares specified below:

(a) on the first business day after 24 months from the date of grant to the last business day in the 60th month after the date of grant, approximately one third of the Options granted will be exercisable; (b) on the first business day after 36 months from the date of grant to the last business day in the 72nd month after the date of grant, approximately an additional one-third of the Options granted will be exercisable; and (c) on the first business day after 48 months from the date of grant to the last business day in the 84th month after the date of grant, approximately one third of the remaining Options granted will be exercisable.

DIRECTORS' INTERESTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report regarding Share Option Scheme, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate of the Group.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report regarding Share Option Scheme, the Company has not entered into any equity-link agreement during the year and no equity-link agreement subsisted as at the end of the year.

PERMITTED INDEMNITY PROVISION

The Bye-laws provide that every Director is entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged directors' and officers' liability insurance coverage for the Directors and officers of the Company and its subsidiaries.

MANAGEMENT CONTRACTS

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

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

The Group had entered into a number of transactions with connected parties which, upon the listing of the Shares on the Stock Exchange, became connected persons of the Company under the Listing Rules. Details of the continuing connected transactions are as follows:

(A) With CGN and its subsidiaries, excluding the Group (the "CGN Group")

Non-exempt continuing connected transactions subject to reporting, announcement and independent shareholders' approval requirements

1(a) Financial Services (CGNPC Huasheng) Framework Agreement

On 12 September 2014, CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**") and the Company entered into the financial services (CGNPC Huasheng) framework agreement (the "**Financial Services (CGNPC Huasheng) Framework Agreement**") in relation to the deposit arrangement in Hong Kong provided by CGNPC Huasheng to the Group, which was effective from 12 September 2014 to 29 May 2015, being the date of the first annual general meeting of the Company after its listing. The renewal of the Financial Services (CGNPC Huasheng) Framework Agreement was approved by the independent shareholders of the Company at the first annual general meeting of the Company and the term of the Financial Services (CGNPC Huasheng) Framework Agreement became effective from 30 May 2015 and shall continue up to and including 31 December 2017.

CGNPC Huasheng is a wholly-owned subsidiary of CGN, the controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Financial Services (CGNPC Huasheng) Framework Agreement were disclosed in the prospectus of the Company dated 19 September 2014 (the "**Prospectus**") and the circular of the Company dated 20 April 2015.

1(b) Financial Services (CGN Finance) Framework Agreement

On 12 September 2014, CGN Finance Investment Limited ("**CGN Finance**") and the Company entered into the financial services (CGN Finance) framework agreement (the "**Financial Services (CGN Finance) Framework Agreement**", together with the Financial Services (CGNPC Huasheng) Framework Agreement, the "**Financial Services Framework Agreements**") in relation to the deposit arrangement in the PRC provided by CGN Finance to the Group, which was effective from 12 September 2014 to 29 May 2015, being the date of the first annual general meeting of the Company after its listing. The renewal of the Financial Services (CGN Finance) Framework Agreement was approved by the independent shareholders of the Company at the first annual general meeting of the Company and the term of the Financial Services (CGN Finance) Framework Agreement became effective from 30 May 2015 and shall continue up to and including 31 December 2017.

CGN Finance is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Financial Services (CGN Finance) Framework Agreement were disclosed in the Prospectus and the circular of the Company dated 20 April 2015.

General

As the nature of the services to be provided to the Group under the Financial Services Framework Agreements are similar, the estimated annual cap for the maximum outstanding balance of deposits to be placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreement, together with the relevant interest received, for the year ended 31 December 2015 have been aggregated and amounted to US$366.0 million. The maximum balance of deposits placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreement, together with the relevant interest received during the year ended 31 December 2015 was approximately US$301.3 million.

Report of the Directors

Non-exempt continuing connected transactions subject to reporting and announcement requirements

2(a) Operation and Management Services (CGN Energy) Framework Agreement

On 20 August 2014, CGN Energy Development Co., Ltd. ("**CGN Energy**") and the Company entered into the operation and management services (CGN Energy) framework agreement (the "**Operation and Management Services (CGN Energy) Framework Agreement**"), pursuant to which the Company has agreed to provide, or procure a subsidiary of the Group to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Energy has interest. The term of this agreement is from 1 May 2014 to 31 December 2016.

CGN Energy is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (CGN Energy) Framework Agreement were disclosed in the Prospectus.

2(b) Operation and Management Services (Huamei Holding) Framework Agreement

On 15 September 2014, Huamei Holding Company Limited ("**Huamei Holding**") and the Company entered into the operation and management services (Huamei Holding) framework agreement (the "**Operation and Management Services (Huamei Holding) Framework Agreement**", together with the Operation and Management Services (CGN Energy) Framework Agreement, the "**Operation and Management Services Framework Agreements**"), pursuant to which the Company has agreed to provide, or procure a subsidiary of the Group to provide, operation and management services to power projects (whether in operation or under construction) in which a subsidiary of the group of companies which were transferred to CGNPC Huamei as part of the reorganization of the Group as described in the Prospectus under Huamei Holding has interest. The term of this agreement is from 15 September 2014 to 31 December 2016.

Huamei Holding is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Huamei Holding) Framework Agreement were disclosed in the Prospectus.

2(c) Hami Coal Consultancy Services Agreement

On 30 September 2012, China Coal Energy Hami Coal-fired Power Project Preparatory Office ("**CGN Hami Coal Project Preparatory Office**") and Yaneng Consulting (Shanghai) Co. Ltd. ("**Yaneng Consulting**"), a wholly-owned subsidiary of the Company, entered into an advisory consultancy services agreement (the "**Hami Coal Consultancy Services Agreement**"), which has an initial term from 1 April 2012 to 31 December 2012. Pursuant to a supplemental agreement dated 1 June 2013, the Hami Coal Consultancy Services Agreement was renewed for one year and covered the period from 1 January 2013 to 31 December 2013, which term has been renewed for another three years covering the period from 1 January 2014 to 31 December 2016. Pursuant to the Hami Coal Consultancy Services Agreement, Yaneng Consulting has agreed to provide advisory services to CGN Hami Coal Project Preparatory Office in relation to corporate management, project development and power related technical, legal and commercial issues. Yaneng Consulting has also agreed to deploy designated management personnel to CGN Hami Coal Project Preparatory Office to perform such services.

CGN Hami Coal Project Preparatory Office is a temporary office established by CGN to be responsible for the project development relating to a coal power project, which is located in Hami City, Xinjiang Uyghur Autonomous Region, the PRC. CGN proposes to hold, through CGN Energy Development Co., Ltd., 70% interest in such coal power project.

Further details of the Hami Coal Consultancy Services Agreement were disclosed in the Prospectus.

Report of the Directors

2(d) Operation and Management Services (Solar Energy) Framework Agreement

On 17 June 2015, the Company entered into the Operation and Management Services (Solar Energy) Framework Agreement (the "**Operation and Management Services (Solar Energy) Framework Agreement**") with CGN Solar Energy Development Co., Ltd. ("**CGN Solar Energy**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Solar Energy has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or company which holds interest in the relevant power project. The term of this agreement is from 17 June 2015 to 31 December 2017.

CGN Solar Energy is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Solar Energy) Framework Agreement were disclosed in the announcement of the Company dated 17 June 2015.

2(e) Operation and Management Services (Wind Energy) Framework Agreement

On 17 June 2015, the Company entered into the Operation and Management Services (Wind Energy) Framework Agreement (the "**Operation and Management Services (Wind Energy) Framework Agreement**", together with the Operation and Management Services (Solar Energy) Framework Agreement, the "**O&M Agreements**") with CGN Wind Energy Co., Ltd. ("**CGN Wind Energy**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Wind Energy has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or company which holds interest in the relevant power project. The term of this agreement is from 17 June 2015 to 31 December 2017.

CGN Wind Energy is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Wind Energy) Framework Agreement were disclosed in the announcement of the Company dated 17 June 2015.

General

As the nature of the services to be provided by Yaneng Consulting to CGN Hami Coal Project Preparatory Office under the Hami Coal Consultancy Services Agreement is similar to the nature of the services to be provided under the two Operation and Management Services Framework Agreements and the O&M Agreements, the annual cap for the advisory fee payable by CGN Hami Coal Project Preparatory Office to Yaneng Consulting and the management fees payable under the Operation and Management Services Framework Agreements and the O&M Agreements for the year ended 31 December 2015 were determined on an aggregate basis and amounted to US$40.0 million. The actual advisory fee paid by CGN Hami Coal Preparatory Office to Yaneng Consulting and the management fees paid under the Operation and Management Services Framework Agreements and the O&M Agreement for the year ended 31 December 2015 were US$19.9 million.

Report of the Directors

(B) With connected persons of the Company at the subsidiary level

Non-exempt continuing connected transaction subject to reporting and announcement requirements

1 Weigang Power Purchase Agreement

Shanghai Wei Gang Energy Co. Ltd. ("**Weigang JV**"), a non-wholly owned subsidiary of the Company in which the Company indirectly held 65% interest and Baosteel Group Shanghai No. 1 Iron & Steel Co. Ltd. ("**Baosteel**") held 35% interest, entered into a power purchase agreement on 10 August 1998 (which has been amended on 2 March 2005 and 16 March 2009) with Baosteel (the "**Weigang Power Purchase Agreement**") pursuant to which Baosteel has agreed to purchase all electricity power generated by the power project operated by Weigang JV for a term expiring on the expiration date of the operation term of Weigang JV (namely, 31 May 2020). The Weigang Power Purchase Agreement has been entered into in respect of Weigang gas-fired power project operated by Weigang JV.

Baosteel is a substantial shareholder of Weigang JV, holding 35% interest in Weigang gas-fired power project and is therefore a connected person of the Company.

Further details of the Weigang Power Purchase Agreement were disclosed in the Prospectus.

The annual cap for the power to be purchased by Baosteel from Weigang JV under the Weigang Power Purchase Agreement for the year ended 31 December 2015 is RMB176.0 million. The actual purchase amount paid by Baosteel to Weigang JV under the Weigang Power Purchase Agreement for the year ended 31 December 2015 amounted to RMB148.7 million.

(C) General

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

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2015 and have confirmed that the continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better (as defined in the Listing Rules); and

3. in accordance with the relevant agreement governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor has confirmed that the continuing connected transactions:

(1) have been approved by the Board;

(2) were, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(3) were entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(4) have not exceeded the cap.

Report of the Directors

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are provided under note 42 to the financial statements, and none of which constitutes a discloseable connected transaction or continuing connected transaction as defined under the Listing Rules.

NON-COMPETITION DEED

The Company entered into a deed of non-competition (the "**Non-Competition Deed**") with CGN on 15 September 2014 under which CGN agreed not to, and agreed to procure its subsidiaries (other than the Group) not to, compete with the Group in its non-nuclear power business (save for the retention of the existing Retained Business (as defined in the Prospectus) of the CGN Group or any future business which the CGN Group has carried on pursuant to the terms of the Non-Competition Deed) and granted the Company with a right to acquire the Retained Business of the CGN Group and a right to acquire a new business or equity investment opportunity directed to the Group according to the terms of the Non-Competition Deed.

The Company has, as at the date of issue of this report, received a declaration from CGN in connection with the Non-Competition Deed as follows:

1. During the year ended 31 December 2015, the Company managed the wind, solar and hydro projects, which are within the scope of entrustment, in accordance with the terms of the operation and management services framework agreements signed between the Company and subsidiaries of CGN. In addition, CGN Group developed certain non-nuclear power projects in China (the "**Non-nuclear Business**") without first complying with the procedures set out in the Non-Competition Deed. Save for the Non-nuclear Business, CGN confirmed it was in compliance with the Non-Competition Deed during the year ended 31 December 2015; and

2. CGN has handled the relevant formalities under the Non-Competition Deed in accordance with the procedures set out in the Non-Competition Deed.

The independent non-executive Directors (the "**Disinterested Directors**"), being the Directors other than those who are also directors and senior management personnel of the CGN Group, had reviewed the Non-nuclear Business. The Disinterested Directors and Mr. Lin Jian (who was also a Disinterested Director at the relevant time) had also reviewed the acquisitions of certain companies from CGN Group as described in the Company's announcement dated 17 June 2015 and the Company's circular dated 22 July 2015 (the "**Acquisitions**") and 3 business or investment opportunities offered by or referred to by the CGN Group pursuant to the Non-Competition Deed (all of which were related to new business or equity investment opportunity) (together with the Non-nuclear Business and the Acquisitions, the "**Opportunities**"). The offering or referral process were in compliance with those set out in the Prospectus and the Non-Competition Deed except, as regards the Non-nuclear Business, substantially in line with such process as those set out in the Prospectus and the Non-Competition Deed. The Disinterested Directors considered the Opportunities taking into account the following:

(a) whether the Opportunities would create or would likely create competition with the principal business of the Group;

(b) the business and financial performance and potential of the Opportunities;

(c) the feasibility and viability for the Group to acquire, invest or take on the Opportunities (in terms of the availability of management, financial and business resources and expertise);

(d) the terms and conditions of the acquisition of or taking on the Opportunities;

(e) the financial budget and business plan of the Group for undertaking acquisitions of the Opportunities in the relevant year;

(f) result of a cost-benefit analysis for the Group to acquire, invest or take on the the Opportunities, and whether the Opportunities were consistent with the business development strategy of the Group, and whether it is likely to create any strategic or synergy value to the Group's existing business;

(g) the likely risks associated with the Opportunities should we acquire, take on, operate or participate in the Opportunities; and

(h) the equity internal rate of return and/or the expected internal rate of return of the investment in the Opportunities.

As a result, save and except for proceeding with the Acquisitions, we did not exercise any right to acquire or invest in other projects comprising the Opportunities.

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the date of this report, so far as the Directors were aware, none of the Directors, and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

EMOLUMENT POLICY

We determined the emoluments of our directors and employees based on their respective performance, working experience, roles and responsibilities as well as market factors. We offer our executive Directors and senior management members, who are also employees of our Company, various compensation in the form of fees, salaries, contributions to pension scheme, discretionary bonuses, housing and other benefits in kind. We provide our employees with salaries and discretionary bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes, housing and other benefits in kind.

Our independent non-executive Directors receive compensation based on their responsibilities (including being members or chairman of Board committees).

US DOLLAR BOND

In August 2013, the Company completed the issuance of US$350.0 million 4.0% unsecured bonds due 2018 listed on the Stock Exchange (stock code: 5964) to international professional and institutional investors. The investment grade bonds, which were issued to institutional investors, are backed by a keepwell deed and a deed of equity interest purchase undertaking entered into by the Company and CGN in favor of the trustee. In addition to the equity interest purchase undertaking, the Company is subject to additional customary investment grade bond restrictive covenants such as a negative pledge. The outstanding amount of such bond payables as at 31 December 2015 was US$354.1 million.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and within the knowledge of the Directors, the Company has sufficient public float as required under Rule 8.08 of the Listing Rules.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Chen Sui
Chairman

Hong Kong, 16 March 2016

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of the Company considers effective corporate governance is a key component in the sustained development of the Company and its subsidiaries (the "**Group**") and believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices to the conduct and growth of the Group's business.

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the year ended 31 December 2015, save for code provision A.5.1 with particular reference to the following:

Mr. Shen Zhongmin resigned as independent non-executive Director with effect from 13 April 2015, and ceased to be the chairman of the Remuneration Committee of the Company (the "**Remuneration Committee**") and a member of the Nomination Committee of the Company (the "**Nomination Committee**"). Following the resignation of Mr. Shen, the independent non-executive Directors did not represent at least one-third of the Board as required under Rule 3.10A of the Listing Rules. In addition, the composition of the Remuneration Committee and the Nomination Committee fell below the requirements under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

On 7 July 2015, the Board appointed Mr. Zhang Dongxiao as an independent non-executive Director as well as the chairman of the Remuneration Committee and a member of the Nomination Committee to fill in the vacancy. Save as disclosed herein, the Company has complied with the requirement in relation to the independent non-executive directors as required under Rule 3.10A of the Listing Rules following the appointment of Mr. Zhang Dongxiao. In addition, the Company has complied with the requirements in relation to the composition of the Remuneration Committee and the Nomination Committee as required under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

THE BOARD OF DIRECTORS

The overall management of the Company's operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitoring of the performance of the senior management. The Directors make decisions objectively in the interests of the Company. As at the date of this report, the Board comprises eleven Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. Members of the Board during the year ended 31 December 2015 and up to the date of this report are as follows:

Executive Directors:

Mr. Chen Sui *(Chairman)* (Re-designated from non-executive Director to executive Director on 26 January 2015)
Mr. Lin Jian *(President) (Note)*

Non-executive Directors:

Mr. Xu Yuan (appointed with effect from 18 March 2015)
Mr. Chen Qiming
Mr. Yin Engang (appointed with effect from 18 March 2015)
Mr. Chen Huijiang (resigned with effect from 18 March 2015)
Mr. Dai Honggang
Mr. Lin Beijing (resigned with effect from 18 March 2015)
Mr. Xing Ping

Independent Non-executive Directors:

Mr. Leung Chi Ching Frederick
Mr. Fan Ren Da Anthony
Mr. Wang Susheng
Mr. Zhang Dongxiao (appointed with effect from 7 July 2015)
Mr. Shen Zhongmin (resigned with effect from 13 April 2015)

Note: Mr. Lin Jian was appointed by Mr. Chen Sui as his alternate director for the period from 13 April 2015 to 12 July 2015 (both days inclusive) due to Mr. Chen's attendance of an important training.

Corporate Governance Report

Biographical details and relationships among members of the Board as at the date of this report are set out in the section headed "Biographies of Directors and Senior Management" in the annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive Directors, senior management and certain specific responsibilities to the Board committees.

Chairman and President

Mr. Chen Sui is the chairman of the Company and Mr. Lin Jian is the president of the Company. The roles of the chairman and chief executive are served by different individuals to achieve a balance of authority and power, which is in compliance with the code provision A.2.1 of the CG Code. Mr. Chen Sui is principally responsible for overall corporate strategies planning and business development of the Group, while Mr. Lin Jian is principally responsible for leading and managing all the activities of the Group to achieve the goals and objectives set by the Board, identifying and recommending the short, medium and long-term business strategies, directing and executing the Group's plans and budgets, directing and organizing the Group's material, human and economic resources to deliver the corporate results, identifying and developing business opportunities to grow the Group.

Appointments, re-election and removal of Directors

Each Director has entered into a service contract or an appointment letter with the Company for a term of three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the bye-laws of the Company (the "**Bye-laws**"). In accordance with bye-law 84 of the Bye-laws, Mr. Lin Jian, Mr. Chen Qiming, Mr. Dai Honggang and Mr. Xing Ping will retire by rotation at the forthcoming annual general meeting and, being eligible, have offered themselves for re-election.

Number of meetings and Directors' attendance

Code provision A.1.1 of the CG Code prescribes that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through other electronic means of communication.

During the year ended 31 December 2015, the Board has held four regular meetings.

During the year ended 31 December 2015, the Company has held four general meetings.

Corporate Governance Report

The table below sets forth the number of meetings of the Board and Board Committees (as defined below) and general meetings attended by each Director during the year ended 31 December 2015:

	Attendance/Number of meetings						
Name of Director	Board Meeting	Nomination Committee	Remuneration Committee	Audit Committee	Investment and Risk Management Committee	Strategy Development Committee	General Meeting
Executive Directors:							
Mr. Chen Sui	3/4	2/3				0/1	3/4
Mr. Lin Jian	4/4					0/1	3/4
Non-executive Directors:							
Mr. Xu Yuan (appointed with effect from 18 March 2015)	2/3						0/4
Mr. Chen Qiming	3/4					1/1	0/4
Mr. Yin Engang (appointed with effect from 18 March 2015)	2/3			1/2	5/7		0/4
Mr. Chen Huijiang (resigned with effect from 18 March 2015)	1/1			1/1	1/1		N/A
Mr. Dai Honggang	2/4		5/5		6/8	1/1	1/4
Mr. Lin Beijing (resigned with effect from 18 March 2015)	0/1						N/A
Mr. Xing Ping	4/4				7/8		0/4
Independent Non-executive Directors:							
Mr. Leung Chi Ching Frederick	4/4			3/3			4/4
Mr. Fan Ren Da Anthony	3/4	3/3	3/5	3/3			2/4
Mr. Wang Susheng	3/4					1/1	0/4
Mr. Zhang Dongxiao (appointed with effect from 7 July 2015)	2/2	N/A	2/2				0/3
Mr. Shen Zhongmin (resigned with effect from 13 April 2015)	1/1	2/2	1/1				N/A

Corporate Governance

The Board has carried out its duties and responsibilities as set out in D.3 of the CG Code including the development of policies and practices on corporate governance, monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct applicable to the employees of the Company and the Directors, the compliance with the CG Code of the Company and the disclosure in this report.

Corporate Governance Report

Training and support for Directors

In accordance with code provision A.6.5 of the CG Code with regards to continuous professional development, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

To further ensure that all Directors are adequately informed about the Company's business and operations as well as his responsibilities under relevant laws, rules and regulations, the Company Secretary regularly provides all Directors regarding the Company's most recent performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

The Directors received the following training for the year ended 31 December 2015 according to the records provided by the Directors:

	TYPES OF TRAINING:		
Directors	**Attendance for trainings/seminars/ meetings in respect of the Company's business or duties of Directors**	**Reading of materials in respect of updates on the Company's business, duties and responsibilities of Directors and regulatory requirements**	**Visit to power plants and facilities and their respective management personnel**
Executive Directors			
Mr. Chen Sui *(Chairman)*	✓	✓	✓
Mr. Lin Jian *(President)*	✓	✓	✓
Non-executive Directors			
Mr. Xu Yuan (appointed with effect from 18 March 2015)	✓	✓	✓
Mr. Chen Qiming	✓	✓	✓
Mr. Yin Engang (appointed with effect from 18 March 2015)	✓	✓	✓
Mr. Chen Huijiang (resigned with effect from 18 March 2015)	✓	✓	✓
Mr. Dai Honggang	✓	✓	✓
Mr. Lin Beijing (resigned with effect from 18 March 2015)	✓	✓	✓
Mr. Xing Ping	✓	✓	✓
Independent non-executive Directors			
Mr. Leung Chi Ching Frederick	✓	✓	
Mr. Fan Ren Da Anthony	✓	✓	
Mr. Wang Susheng	✓	✓	
Mr. Zhang Dongxiao (appointed with effect from 7 July 2015)	✓	✓	
Mr. Shen Zhongmin (resigned with effect from 13 April 2015)	✓	✓	

Corporate Governance Report

Directors' insurance

The Company has arranged for appropriate liability insurance for the Directors to cover their liabilities arising out of corporate activities.

Compliance with the Model Code for Directors' securities transactions

The Company has adopted its own Code for Securities Transactions by Directors (the "**Company's Code**"), which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), as a code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code and the Company's Code during the year ended 31 December 2015.

BOARD COMMITTEES

The Board has established an Audit Committee (the "**Audit Committee**"), a Remuneration Committee, a Nomination Committee, an Investment and Risk Management Committee (the "**Investment and Risk Management Committee**") and a Strategy Development Committee (the "**Strategy Development Committee**") (collectively, the "**Board Committees**"). The terms of reference of the Audit Committee, Remuneration Committee, Nomination Committee and Investment and Risk Management Committee are posted on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Members of the Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The current members of the Audit Committee include:

Mr. Leung Chi Ching Frederick *(Chairman)*
Mr. Yin Engang
Mr. Fan Ren Da Anthony

The majority of the members of the Audit Committee are independent non-executive Directors. The major duties of the Audit Committee are as follows:

Relationship with the Company's external auditors

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;

(c) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(d) to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(e) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Corporate Governance Report

Review of the financial information of the Company

(f) to monitor integrity of the Company's financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.

(g) in regard to (f) above:

(i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

(ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, internal auditors or external auditors;

Oversight of the Company's financial reporting system and internal control systems

(h) to review the Company's financial controls, internal control systems and risk management;

(i) to discuss the internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(j) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(k) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(l) to review the Group's financial and accounting policies and practices;

(m) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(n) to ensure that the Board will provides a timely response to the issues raised in the external auditor's management letter;

(o) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

Corporate Governance Report

(p) to act as the key representative body for overseeing the Company's relations with the external auditor;

(q) to review the continuing connected transactions to ensure compliance with the terms approved by shareholders of the Company (the "**Shareholders**");

(r) to establish whistleblowing policies and systems to allow employees and others who have dealings with the Company (such as customers and suppliers) to raise their concerns in secret to the Audit Committee about any possible improper matters regarding the Company;

(s) to report to the Board on the above matters; and

(t) to consider other topics, as defined by the Board.

The terms of reference of the Audit Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange respectively.

During the year ended 31 December 2015, three Audit Committee meetings were held, *inter alia*, to review the 2014 annual results, the 2015 interim results and the internal control of the Group. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Audit Committee was held on 10 March 2016 to consider the audited financial statements of the Group for the year ended 31 December 2015, the external auditor's independence and objectivity, the effectiveness of the audit process and the Group's internal control system, which covers all material controls, including financial, operational and compliance controls and risk management functions.

Remuneration Committee

The current members of the Remuneration Committee include:

Mr. Zhang Dongxiao *(Chairman)*
Mr. Dai Honggang
Mr. Fan Ren Da Anthony

The majority of the members of the Remuneration Committee are independent non-executive Directors. The major duties of the Remuneration Committee are as follows:

(a) to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors;

(b) to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the Directors or any associate company of any of them;

(c) to consider what details of the remuneration/benefits of the Directors should be reported in the Company's annual reports and accounts in addition to those required by law and how those details should be presented;

(d) to make recommendations to the Board on the policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

(e) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(f) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

Corporate Governance Report

(g) to make recommendations to the Board on the remuneration of non-executive Directors;

(h) to consider salaries paid by comparable companies, time commitment and responsibilities as well as employment conditions of other positions in the Group;

(i) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;

(j) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(k) to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

The terms of reference of the Remuneration Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange respectively.

During the year ended 31 December 2015, five Remuneration Committee meetings were held, *inter alia*, to review the remuneration structure and packages of the Directors and senior management, the share option scheme of the Company and the grant of share options. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Remuneration Committee was held on 11 March 2016 to consider and review, among others, the Group's policy and structure for all Directors' and senior management's remuneration and the current remuneration packages of the Directors and senior management of the Company.

Nomination Committee

The current members of the Nomination Committee include:

Mr. Chen Sui *(Chairman)*
Mr. Zhang Dongxiao
Mr. Fan Ren Da Anthony

The majority of the members of the Nomination Committee are independent non-executive Directors. The major duties of the Nomination Committee are as follows:

(a) to review the structure, size, composition and diversity (including gender, age, cultural and education background, ethnicity, skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the corporate strategy of the Company;

(b) to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to assessing the balance of skills, knowledge and experience as well as diversification of Board members, and based on the assessment results, to prepare a description of the roles and capabilities required for individual appointments;

(c) to identify individuals suitably qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) to assess the independence of independent non-executive Directors;

(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the president of the Company;

(f) to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board;

Corporate Governance Report

(g) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Bye-laws or imposed by the Listing Rules or applicable law; and

(h) to review the Board's diversity policy, as appropriate; and review the measurable objectives that the Board has set for implementing the Board's diversity policy.

The terms of reference of the Nomination Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange respectively.

Where vacancy on the Board exists, the Nomination Committee will carry out a selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations, and select or make recommendations to the Board on the selection of candidates for directorship.

The Board has also adopted the following diversity policy on the Board:

"The Board recognises that board diversity is an essential element contributing to the sustainable development of the Company and enhances Board effectiveness and corporate governance. In determining the optimum composition of the Board, all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board aims to maintain a Board which has an appropriate mix of diversity, skills, experience and expertise, as well as a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is also independent element on the Board."

The Company has an unwavering the commitment to talent as a prime resource for development. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, industry experience, skills, knowledge and length of service in related business areas.

During the year ended 31 December 2015, three Nomination Committee meetings were held, *inter alia,* to review the structure, size composition and diversity of the Board and to consider, nominate and recommend appointment and reappointment of Directors. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Nomination Committee was held on 14 March 2016 to consider and review, among others, the composition of the Board, succession planning for the Directors and the Board's diversity policy.

Investment and Risk Management Committee

The current members of the Investment and Risk Management Committee include:

Mr. Dai Honggang *(Chairman)*
Mr. Yin Engang
Mr. Xing Ping

All of the members of the Investment and Risk Management Committee are non-executive Directors. The major duties of the Investment and Risk Management Committee are as follows:

(a) to review major investment and strategy and objectives of project financing of the Company;

(b) to review any major investment, financing proposal and operating project matters of the Company that are subject to approval by the Board in accordance with the "Board of Directors Delegation of Authority Manual";

(c) to review the development and objectives of the Company's risk management system;

(d) to supervise the soundness, reasonableness and effectiveness of the risk management system, and instruct the comprehensive risk management of the Company;

Corporate Governance Report

(e) to study the risks of significant matters in major investment and financing activities and operation management of the Company and make necessary recommendations to the Board;

(f) to study the significant investigation results and feedbacks from the management concerning the risk management of the Company; and

(g) to handle other matters in relation to investment or risk management as delegated by the Board.

The terms of reference of Investment and Risk Management Committee adopted by the Company in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange respectively.

During the year ended 31 December 2015, eight Investment and Risk Management Committee meetings were held to review the proposed investment project of the Group. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Investment and Risk Management Committee was held on 11 March 2016 to consider and review, among others, the development and objectives of the Group's risk management system.

Strategy Development Committee

The current members of the Strategy Development Committee include:

Mr. Dai Honggang *(Chairman)*
Mr. Chen Sui
Mr. Lin Jian
Mr. Chen Qiming
Mr. Wang Susheng

The majority of the members of the Strategy Development Committee are non-executive Directors. The major duties of the Strategy Development Committee are as follows:

(a) to research and recommend on the business objective and mid to long-term development strategy of the Company;

(b) to research and recommend on significant investment and financing plans which are required by the Bye-Laws of the Company to be approved by the Board;

(c) to research and recommend on significant capital operation and asset operation which are required by the Bye-Laws of the Company to be approved by the Board;

(d) to research and recommend on other significant matters affecting the development of the Company; and

(e) to review and monitor the implementation of matters mentioned in (a) to (d) above.

During the year ended 31 December 2015, one Strategy Development Committee meeting was held to review the credit facilities of the Company. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report.

Company Secretary

Mr. Lee Kin, the company secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. Mr. Lee Kin was appointed as the Company Secretary on 26 January 2015. Mr. Lee Kin complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules during his term of office in the year ended 31 December 2015. The biographical details of Mr. Lee Kin is set out in the section headed "Biographies of Directors and Senior Management" in this report.

Mr. Wat Chi Ping, Isaac resigned as the company secretary of the Company on 26 January 2015.

Corporate Governance Report

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Directors acknowledge their responsibility for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the accounts for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, International Accounting Standards amendments to standards and the related interpretations, made adjustments and estimates that are prudent and reasonable, and have prepared the accounts on a going concern basis. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the external auditor of the Company about their reporting responsibilities is set out in the section headed "Independent Auditor's Report" in this report.

External auditor's remuneration

Deloitte Touche Tohmatsu ("**Deloitte**") has been appointed as the Company's external auditor since 1995. The Audit Committee has been notified of the scope, nature and the service charges of the audit and non-audit services performed by Deloitte and considered that these audit and non-audit services have no adverse effect on the independence of Deloitte. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of Deloitte.

The remuneration paid to Deloitte in respect of audit and non-audit services for the year ended 31 December 2015 is set out below:

Type of services provided by Deloitte	**Amount of fees** *HK$'000*
Audit services	6,608
Non-audit services	1,400
Total	8,008

The major non-audit services provided by Deloitte mainly include internal control review, local income tax report and filing and financial advisory services.

Internal control

The Board has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and the Shareholders' interests, and review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

The Directors have reviewed the effectiveness of the Group's internal control system, which covers all material controls, including financial, operational and compliance controls and risk management functions.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information, which enable the Shareholders and investors to make appropriate investment decisions.

Shareholders are provided with contact details of the Company's public relations firm and share registrar, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company.

Shareholders or investors can contact the public relations firm of the Company, Wonderful Sky Financial Group, to make enquiry or to provide suggestions, of which the contact details are as follows:

Tel: (852) 2851 1038
Fax: (852) 2598 1638
Email: cgnne@wsfg.hk

In addition, Shareholders can contact Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, if they have any enquiries about their shares of the Company and dividends.

The members of the Board and the Board Committees and Deloitte are expected to be present to answer the Shareholders' questions in annual general meetings of the Company (the "**AGM**"). Meeting circulars are distributed to all Shareholders before AGM and special general meetings of the Company (the "**SGM**") in accordance with the timeline requirement as laid down in the Listing Rules and the Bye-laws.

As a channel to promote effective communication, the Group maintains a website where information on the Company's announcements, financial information and other information are posted.

SHAREHOLDERS' RIGHTS

Convening of SGM and requisition by the Shareholders

The following procedures are subject to the Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on Shareholders' rights.

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

Corporate Governance Report

Procedures for making proposals by the Shareholders other than a proposal of a person for election as Director

The following procedures are subject to the Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on shareholders' rights.

The Company holds an AGM every year, and may hold a general meeting known as a special general meeting whenever necessary. Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the shareholder(s) concern and deposited at the Company's registered office at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition. If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

Procedures for Shareholders to propose a Person for Election as a Director

The following procedures are subject to the Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on the procedures for Shareholders to propose a person for election as a Director.

1. If a shareholder of the Company who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the shareholder himself/herself) for election as a director (the "**Candidate**") at that meeting, he/she can deposit a written notice at the Company's principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

2. In order for the Company to inform all Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

3. A sample form of the notice to be executed and signed by the Shareholder(s) for such proposal can be found from the website of the Company.

Corporate Governance Report

4. A sample form of the notice to be executed and signed by the Candidate can also be found from the website of the Company setting out amongst other things, his/her willingness to be elected together with the information of the Candidate as required by Rule 13.51(2) of the Listing Rules as follows:

   (i) full name and age;

   (ii) positions held with the Company and/or other members of the Company (if any);

   (iii) experience including (i) other directorships held in the past three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;

   (iv) length or proposed length of service with the Company;

   (v) relationships with any directors, senior management, substantial shareholders or controlling shareholders (as defined under the Listing Rules) of the Company, or an appropriate negative statement;

   (vi) interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, or an appropriate negative statement; and

   (vii) a declaration made by the Candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor there are any other matters relating to that Candidate's standing for election as a director that should be brought to the attention of the shareholders of the Company.

5. The period for lodgment of the written notice will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed Candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

6. Shareholders who have enquires about the above procedures or have enquires to put to the Board may write to the Company Secretary at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

No changes were made in any of the Company's constitutional documents during the year ended 31 December 2015.

Independent Auditor's Report

TO THE SHAREHOLDERS OF CGN NEW ENERGY HOLDINGS CO., LTD.
中國廣核新能源控股有限公司
(FORMERLY KNOWN AS CGN MEIYA POWER HOLDINGS CO., LTD.
中國廣核美亞電力控股有限公司)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CGN New Energy Holdings Co., Ltd. (formerly known as CGN Meiya Power Holdings Co., Ltd.) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 64 to 156, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Revenue	5	**1,151,905**	1,379,552
Operating expenses:			
Coal, oil and gas		**729,336**	996,629
Depreciation of property, plant and equipment		**109,478**	94,752
Repair and maintenance		**27,889**	23,525
Staff costs		**62,943**	60,394
Others		**63,359**	54,351
Total operating expenses		**993,005**	1,229,651
Operating profit		**158,900**	149,901
Other income	6	**18,630**	13,096
Other gains and losses	7	**(1,652)**	1,713
Finance costs	8	**(76,799)**	(63,274)
Share of results of associates		**63,313**	42,572
Share of results of a joint venture		**–**	21,016
Gain on disposal of subsidiaries, associates and a joint venture	39	**–**	96,343
Initial public offering expenses		**–**	(4,087)
Profit before tax		**162,392**	257,280
Income tax expense	9	**(39,978)**	(39,568)
Profit for the year	10	**122,414**	217,712
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign subsidiaries, associates and a joint venture		**(77,479)**	(27,577)
Share of reserve from associates		**419**	–
Reclassification adjustments for amounts transferred to profit or loss			
– release of hedging reserve		**(125)**	(139)
– deferred tax credit arising on release of hedging reserve		**30**	33
– cumulative gain included in profit or loss upon disposal of subsidiaries, associates and a joint venture		**–**	(96,343)
Other comprehensive expenses for the year		**(77,155)**	(124,026)
Total comprehensive income for the year		**45,259**	93,686

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Note	2015 US$'000	2014 US$'000
Profit for the year attributable to:			
Owner of the Company		**103,879**	202,203
Non-controlling interests		**18,535**	15,509
		122,414	217,712
Total comprehensive income attributable to:			
Owner of the Company		**32,606**	78,835
Non-controlling interests		**12,653**	14,851
		45,259	93,686
Earnings per share			
– Basic *(US cents)*	13	**2.42**	5.97
– Diluted *(US cents)*	13	**2.42**	5.97

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 *US$'000*	2014 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**2,545,785**	1,483,283
Prepaid lease payments	*16*	**57,982**	13,794
Goodwill	*17*	**178,967**	844
Interests in associates	*18*	**174,472**	168,271
Amounts due from non-controlling shareholders	*19*	**704**	860
Deferred tax assets	*20*	**28,553**	1,356
Other assets	*21*	**35,661**	31,086
		3,022,124	1,699,494
CURRENT ASSETS			
Inventories	*22*	**28,755**	30,830
Prepaid lease payments	*16*	**3,640**	1,938
Trade receivables	*23*	**200,765**	158,003
Other receivables and prepayments		**130,082**	8,976
Amount due from a non-controlling shareholder	*19*	**2,450**	1,936
Amounts due from associates	*24*	**43,084**	37,090
Amounts due from fellow subsidiaries	*24*	**4,319**	1,671
Tax recoverable		**106**	658
Pledged bank deposits	*25*	**75,045**	118,132
Fixed deposits with bank	*25*	**–**	36,098
Bank balances and cash	*25*	**342,498**	370,945
		830,744	766,277
Disposal entity classified as held-for-sale	*40*	**–**	21,163
		830,744	787,440
CURRENT LIABILITIES			
Trade payables	*26*	**89,778**	157,007
Other payables and accruals	*27*	**155,873**	62,005
Amounts due to fellow subsidiaries	*24*	**4,647**	90
Amounts due to non-controlling shareholders	*28*	**6,198**	7,470
Loan from a fellow subsidiary - due within one year	*32*	**96,422**	–
Advances from non-controlling shareholders – due within one year	*29*	**7,098**	7,533
Bank borrowings – due within one year	*30*	**114,024**	197,819
Bond payables – due within one year	*31*	**4,717**	4,718
Government grants	*33*	**662**	–
Deferred connection charges		**109**	175
Tax payable		**8,738**	7,842
		488,266	444,659
Liabilities associated with disposal entity classified as held-for-sale	*40*	**–**	821
		488,266	445,480

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 US$'000	2014 US$'000
NET CURRENT ASSETS		**342,478**	341,960
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,364,602**	2,041,454
NON-CURRENT LIABILITIES			
Advances from non-controlling shareholders – due after one year	*29*	**794**	791
Loans from fellow subsidiaries	*32*	**465,459**	–
Loan from an intermediate holding company	*32*	**100,000**	–
Bank borrowings – due after one year	*30*	**1,536,606**	838,029
Bond payables – due after one year	*31*	**349,386**	349,008
Deferred connection charges		**152**	278
Government grants	*33*	**10,874**	–
Deferred tax liabilities	*20*	**51,778**	37,258
		2,515,049	1,225,364
NET ASSETS		**849,553**	816,090
CAPITAL AND RESERVES			
Share capital	*35*	**55**	55
Reserves		**741,677**	708,993
Equity attributable to owner of the Company		**741,732**	709,048
Non-controlling interests		**107,821**	107,042
TOTAL EQUITY		**849,553**	816,090

The consolidated financial statements on pages 64 to 156 were approved and authorised for issue by the Board of Directors on 16 March 2016 and are signed on its behalf by:

Chen Sui
DIRECTOR

Lin Jian
DIRECTOR

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
OPERATING ACTIVITIES			
Profit before tax		**162,392**	257,280
Adjustments for:			
Depreciation of property, plant and equipment		**109,478**	94,752
Release of prepaid lease payments		**2,751**	2,082
Loss on disposal of property, plant and equipment		**48**	78
Change in fair value of derivative financial instruments, net		**–**	(2,606)
Allowance (recovery) for bad and doubtful receivables		**80**	(3)
Amortisation of deferred connection charges		**(171)**	(193)
Interest income		**(4,430)**	(3,520)
Finance costs		**76,799**	63,274
Share of results of associates		**(63,313)**	(42,572)
Share of results of a joint venture		**–**	(21,016)
Share-based payment expense	34	**78**	–
Gain on disposal of subsidiaries, associates and a joint venture	39	**–**	(96,343)
Operating cashflows before movements in working capital		**283,712**	251,213
Increase in other assets		**(5,966)**	(7,267)
Decrease (increase) in inventories		**1,237**	(3,878)
Decrease (increase) in trade receivables		**23,469**	(61,712)
Decrease in other receivables and prepayments		**22,480**	4,634
Decrease (increase) in amount due from a non-controlling shareholder		**164**	(363)
(Decrease) increase in trade payables		**(70,273)**	55,990
(Decrease) increase in other payables and accruals		**(22,297)**	7,397
Refund of government grants	33	**(7,368)**	–
Increase in deferred connection charges		**–**	324
Cash generated from operations		**225,158**	246,338
Income taxes paid		**(34,872)**	(40,363)
NET CASH FROM OPERATING ACTIVITIES		**190,286**	205,975
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(57,077)**	(184,492)
Net cash flow from acquisition of subsidiaries	38	**(527,306)**	–
Advance to fellow subsidiaries		**(2,370)**	(46,689)
Repayment from fellow subsidiaries		**–**	44,638
(Advance to) repayment from non-controlling shareholders		**(684)**	2,028
Net cash outflow from disposal of subsidiaries, associates and a joint venture	39	**–**	(28,269)
Proceeds from disposal of property, plant and equipment		**56**	–
Interest received		**4,430**	3,520
Dividends received from associates		**37,034**	39,166
Withdraw (placement) of fixed deposits with bank		**36,098**	(36,098)
Placement of pledged bank deposits		**(1,038,648)**	(1,278,279)
Withdrawal of pledged bank deposits		**1,075,026**	1,265,636
NET CASH USED IN INVESTING ACTIVITIES		**(473,441)**	(218,839)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 *US$'000*	2014 *US$'000*
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(286,052)**	(77,152)
Interest paid	**(76,443)**	(72,160)
Dividends paid to non-controlling shareholders	**(16,665)**	(13,732)
Advance from non-controlling shareholders	**–**	985
Repayment to non-controlling shareholders	**(792)**	(176)
Loan from an intermediate holding company	**100,000**	–
Loan from a fellow subsidiary	**470,000**	–
Repayment to a fellow subsidiary	**(28,050)**	(1,409)
New bank borrowings raised	**56,971**	100,439
Proceeds from issuance of shares	**–**	262,200
Transaction costs paid for issuance of shares	**–**	(11,779)
NET CASH FROM FINANCING ACTIVITIES	**218,969**	187,216
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(64,186)**	174,352
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**382,233**	208,708
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**24,451**	(827)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**342,498**	382,233
Represented by:		
Bank balance and cash	**342,498**	370,945
Bank balance and cash under disposal entity classified as held-for-sale	**–**	11,288
	342,498	382,233

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owner of the Company										
	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Contributed surplus US$'000 (Note a)	Other non-distributable reserves US$'000 (Note b)	Hedging reserve US$'000	Translation reserve US$'000	Accumulated profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2014	40	–	–	141,466	27,294	1,219	236,066	372,456	778,541	159,317	937,858
Profit for the year	–	–	–	–	–	–	–	202,203	202,203	15,509	217,712
Exchange difference arising on translation of foreign subsidiaries, associates and a joint venture	–	–	–	–	–	–	(26,919)	–	(26,919)	(658)	(27,577)
Release of hedging reserve	–	–	–	–	–	(139)	–	–	(139)	–	(139)
Deferred tax credit arising on release of hedging reserve *(Note 20)*	–	–	–	–	–	33	–	–	33	–	33
Cumulative gain included in profit or loss upon disposal of subsidiaries, associates and joint venture *(Note 39)*	–	–	–	–	–	–	(96,343)	–	(96,343)	–	(96,343)
Total comprehensive (expenses) income for the year	–	–	–	–	–	(106)	(123,262)	202,203	78,835	14,851	93,686
Disposal of subsidiaries, associates and a joint venture *(Note 39)*	–	–	–	–	–	–	–	–	–	(51,820)	(51,820)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(15,306)	(15,306)
Transfer of non-distributable reserve	–	–	–	–	173	–	–	(173)	–	–	–
Special dividend *(Note 12)*	–	–	–	–	–	–	–	(3,347)	(3,347)	–	(3,347)
Distribution in kind *(Note 12)*	–	–	–	(141,466)	–	–	–	(43,394)	(184,860)	–	(184,860)
Deemed distribution *(Note 12)*	–	–	–	–	(19,669)	–	–	(190,873)	(210,542)	–	(210,542)
Repurchase of shares *(Note 35)*	(40)	–	–	–	–	–	–	–	(40)	–	(40)
Issuance of shares on 15 September 2015 *(Note 35)*	40	–	–	–	–	–	–	–	40	–	40
Issuance of shares on 3 October 2015 *(Note 35)*	13	227,987	–	–	–	–	–	–	228,000	–	228,000
Issuance of shares on 27 October 2015 *(Note 35)*	2	34,198	–	–	–	–	–	–	34,200	–	34,200
Share issue expenses *(Note 35)*	–	(11,779)	–	–	–	–	–	–	(11,779)	–	(11,779)
At 31 December 2014	55	250,406	–	–	7,798	1,113	112,804	336,872	709,048	107,042	816,090
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**103,879**	**103,879**	**18,535**	**122,414**
Exchange difference arising on translation of foreign subsidiaries, associates and a joint venture	**–**	**–**	**–**	**–**	**–**	**–**	**(71,597)**	**–**	**(71,597)**	**(5,882)**	**(77,479)**
Release of hedging reserve	**–**	**–**	**–**	**–**	**–**	**(125)**	**–**	**–**	**(125)**	**–**	**(125)**
Share of reserve from associates	**–**	**–**	**–**	**–**	**419**	**–**	**–**	**–**	**419**	**–**	**419**
Deferred tax credit arising on release of hedging reserve *(Note 20)*	**–**	**–**	**–**	**–**	**–**	**30**	**–**	**–**	**30**	**–**	**30**
Total comprehensive (expenses) income for the year	**–**	**–**	**–**	**–**	**419**	**(95)**	**(71,597)**	**103,879**	**32,606**	**12,653**	**45,259**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16,665)**	**(16,665)**
Transfer of non-distributable reserve	**–**	**–**	**–**	**–**	**1,758**	**–**	**–**	**(1,758)**	**–**	**–**	**–**
Effects of share options *(Note 34)*	**–**	**–**	**78**	**–**	**–**	**–**	**–**	**–**	**78**	**–**	**78**
Acquisition of subsidiaries *(Note 38)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,791**	**4,791**
At 31 December 2015	**55**	**250,406**	**78**	**–**	**9,975**	**1,018**	**41,207**	**438,993**	**741,732**	**107,821**	**849,553**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

Notes:

(a) The contributed surplus of the Company represents cash contributions to the Company made by the shareholder other than for subscription of shares, net of dividends declared. In addition to accumulated profits, the contributed surplus of the Company is also available for distribution to shareholder under the Companies Act 1981 of Bermuda. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

   (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

   (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(b) Other non-distributable reserves principally represent statutory reserves required to be appropriated from profit after income tax of the subsidiaries established in the People's Republic of China (the "**PRC**"), under the relevant laws and regulations. Allocation to the statutory reserves shall be approved by the board of directors of the relevant subsidiaries. The appropriation to statutory reserves may cease if the balance of the statutory reserves has reached 50% of the registered capital of the respective subsidiaries. The statutory reserves may be used to make up losses or for conversion into capital. The relevant subsidiaries may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory reserves into capital in proportion to their then existing shareholdings. However, when converting the statutory reserves into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in October 2014. The registered office of the Company is at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is at 15/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. Its immediate holding company is CGNPC Huamei Investment Limited ("**CGNPC Huamei**"), a company incorporated in Hong Kong with limited liability, and its ultimate holding company is China General Nuclear Power Corporation, Ltd. ("**CGN**"), a state-owned enterprise established in the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the generation and supply of electricity and steam, construction and operation of power stations and other associated facilities in the PRC and Republic of Korea ("**Korea**").

These consolidated financial statements are presented in United States dollars ("**US$**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") and International Financial Reporting Interpretations Committee ("**IFRIC**") for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 – 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 – 2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective

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

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

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

IFRS 9 *Financial Instruments*

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

Key requirements of IFRS 9 are described below:

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

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

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

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

The directors of the Company anticipate that the adoption of IFRS 9 in the future may not have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 15 *Revenue from Contracts with Customers*

In July 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

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

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

IFRS 16 *Leases*

IFRS 16 was issued by IASB in January 2016. It will be effective for annual periods beginning on or after 1 January 2019 and will supersede IAS 17 *Leases*. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. As the Group does not engage in any lease arrangements as a lessor, it will be impacted by the new standard due to its role as a lessee.

The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognize a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 *Property, Plant and Equipment*, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

As set out in note 41, total operating lease commitment of the Group in respect of leased premises as at 31 December 2015 amounted to US$5,305,000, the directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to IAS 16 *Property*, *Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost
- In accordance with IFRS 9 *Financial Instruments* (or IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9), or
- Using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 *Consolidated Financial Statements* and to IFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

(b) New and revised IFRSs issued but not yet effective *(Continued)*

Amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012 – 2014 Cycle

The *Annual Improvements to IFRSs 2012 – 2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the equity owner of the Company.

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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

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

Goodwill

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

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

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

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

The Group's policy for goodwill arising on the acquisition of an associate is described at "Investments in associates" below.

Investments in subsidiaries

Investments in subsidiaries included in the Company's statement of financial position are stated at cost less any identified impairment loss.

The results of the subsidiaries are accounted for on the basis of dividends received and receivable during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

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

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of electricity and steam are recognised based upon output delivered. Revenue is recognised upon transmission of electricity and steam to the customers.

Capacity charges are payments from independent power purchasers for maintaining availability of some of the Group's power generators for dispatch of electricity, regardless of actual dispatch. The charges are recognised when the relevant dispatch requirements are met.

Connection charges are one-off charges to new customers for connecting into a heat supply network approved by government. The charges are deferred and recognised on a straight-line basis over the estimated service life of the customers which is estimated to be five years.

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

Revenue from sale of scrap materials is recognised when the materials are delivered and title has passed.

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

In the case of an electricity supply or a power purchase contractual arrangement, where the fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys a right to use these assets, such contractual arrangement is accounted for as containing a finance lease or an operating lease, as applicable.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating lease such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's the functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

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

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

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

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans including state-managed retirement benefit schemes in the PRC, national retirement benefit scheme in Korea and the Mandatory Provident Fund Scheme in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

In accordance with the relevant rules and regulations in Korea, all employees with more than one year of service are entitled to lump-sum severance payments equal to one month's pay of service for each year based on their rate of latest salary and the length of service upon termination of their employment or retirement. The accrual for severance indemnities is determined based on the amount that would be payable assuming all employees were to retire at the end of the reporting period.

Taxation

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

Current tax

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax

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

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

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

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

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

Current and deferred tax for the year

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

Property, plant and equipment

Property, plant and equipment, are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost assets (other than properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Impairment of assets (other than financial assets)

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

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

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

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

Inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

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

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

Share-based payment arrangements

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34 to the Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

Financial instruments

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, amounts due from non-controlling shareholders, amounts due from fellow subsidiaries and associates, pledged bank deposits, fixed deposits with bank and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to receive cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity instruments

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

Equity instrument

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to non-controlling shareholders, fellow subsidiaries, advances from non-controlling shareholders, loan from a fellow subsidiary, loan from an intermediate holding company, bank borrowings and bond payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Hedge accounting

The Group designates certain derivatives as hedges of the cash flow for the purchase of property, plant and equipment denominated in foreign currency (cash flow hedges).

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the other gains or losses.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

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

Useful lives and impairment assessment of property, plant, and equipment

Property, plant, and equipment are stated in the statements of financial position at cost less accumulated depreciation and identified impairment losses. The estimation of their useful lives impacts the level of annual depreciation expense recorded. Property, plant, and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the appropriate asset's carrying values are written down to the recoverable amount and the amount of the write-down is charged against the results of operations. As at 31 December 2015, the carrying value of property, plant and equipment of the Group is approximately US$2,545,785,000 (2014: US$1,483,283,000).

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill is US$178,967,000 (2014: US$844,000). Details of the value in use calculation are disclosed in note 17.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on geographical location are set out below.

Segment revenue and segment results

The board of directors of the Company review operating results and financial information of the Group based on individual power plant, management companies and on a location basis. Each power plant and management company constitutes an operating segment. For certain operating segments that exhibit similar long-term financial performance as they have similar economic characteristics, produce electricity and/or steam by using similar production processes and all of electricity and/or steam are distributed and sold to similar classes of customers, provide similar consulting services to customers, their segment information is aggregated into a single reportable operating segment. The Group has three reportable segments as follows:

(1) Power plants in the PRC – Generation and supply of electricity;

(2) Power plants in Korea – Generation and supply of electricity; and

(3) Management companies in the PRC – Provision of management services to power plants operated by CGN and its subsidiaries.

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2015

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies in the PRC *US$'000*	Total *US$'000*
Segment revenue – external	317,640	813,806	20,459	1,151,905
Segment results	91,601	44,938	974	137,513
Unallocated other income				3,506
Unallocated operating expenses				(18,014)
Unallocated finance costs				(22,946)
Unallocated other gains and losses				(980)
Share of results of associates				63,313
Profit before tax				162,392

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and segment results *(Continued)*

For the year ended 31 December 2014

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies in the PRC *US$'000*	Total *US$'000*
Segment revenue – external	305,514	1,065,063	8,975	1,379,552
Segment results	75,635	66,499	427	142,561
Unallocated other income				691
Unallocated operating expenses				(23,338)
Unallocated finance costs				(21,206)
Unallocated other gains and losses				2,728
Share of results of associates				42,572
Share of result of a joint venture				21,016
Gain on disposal of subsidiaries, associates and a joint venture				96,343
Initial public offering expenses				(4,087)
Profit before tax				257,280

The accounting policies of the reportable segments are the same as the Group's accounting policies set out in note 3. Segment results represents the profit earned by each segment without allocation of certain other income, other gains and losses, gain on disposal of subsidiaries, associates and a joint venture, general and administrative expenses, finance costs, other expenses and share of result of a joint venture and associates. This is the measure reported to the directors of the Company for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2015	2014
	US$'000	*US$'000*
Segment assets		
Power Plants in the PRC	**2,271,429**	535,993
Power Plants in Korea	**1,267,300**	1,457,923
Management companies in the PRC	**7,491**	4,366
Total segment assets	**3,546,220**	1,998,282
Interests in associates	**174,472**	168,271
Unallocated	**132,176**	320,381
Consolidated assets	**3,852,868**	2,486,934

	2015	2014
	US$'000	*US$'000*
Segment liabilities		
Power Plants in the PRC	**1,210,196**	97,790
Power Plants in Korea	**874,027**	1,068,694
Management companies in the PRC	**3,456**	1,062
Total segment liabilities	**2,087,679**	1,167,546
Unallocated		
– Bank borrowings	**–**	140,000
– Bond payables	**354,103**	353,726
– Loan from an intermediate holding company	**100,000**	–
– Loan from a fellow subsidiary	**450,000**	–
– Others	**11,533**	9,572
Consolidated liabilities	**3,003,315**	1,670,844

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, corporate assets of investment holding companies; and

- all liabilities are allocated to operating segments other than bank borrowings, bond payables, other payables and accruals and loan from an intermediate holding company and a fellow subsidiary of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2015

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies in the PRC *US$'000*	Unallocated *US$'000*	Total *US$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets *(Note)*	1,298,972	28,193	22	116	1,327,303
Depreciation	64,636	44,126	18	698	109,478
Release of prepaid lease payments	2,751	–	–	–	2,751
Loss on disposal of property, plant and equipment	49	–	–	–	49
Interest income	1,964	1,295	15	–	3,274
Interest expense	18,896	34,950	7	–	53,853
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:					
Interest in associates	172,472	–	–	–	174,472
Share of results of associates	63,313	–	–	–	63,313
Interest income	–	–	–	1,156	1,156
Interest expense	–	–	–	22,946	22,946
Income tax expense	27,306	12,672	–	–	39,978

Note: Non-current assets excluded financial assets and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2014

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies in the PRC *US$'000*	Unallocated *US$'000*	Total *US$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets *(Note)*	62,454	137,655	–	–	200,109
Depreciation	49,395	45,357	–	–	94,752
Release of prepaid lease payments	2,082	–	–	–	2,082
Loss on disposal of property, plant and equipment	78	–	–	–	78
Interest income	1,987	941	–	–	2,928
Interest expense	1,509	40,559	–	–	42,068
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:					
Interest in associates	168,271	–	–	–	168,271
Share of results of associates	42,572	–	–	–	42,572
Share of results of a joint venture	21,016	–	–	–	21,016
Interest income	–	–	–	592	592
Interest expense	–	–	–	21,206	21,206
Income tax expense	26,271	13,226	71	–	39,568
Initial public offering expense	–	–	–	4,087	4,087

Note: Non-current assets excluded financial assets and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2015 **US$'000**	2014 *US$'000*
Korea Electric Power Corporation ("**KEPCO**")	**269,170**	420,391
Korea Power Exchange	**544,636**	643,962

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Non-current assets by geographical location

The Group operates in three principal geographical areas – the PRC, Korea and Hong Kong. The Group's information about its non-current assets** by location of assets and its associates by location of their business operations are detailed below:

	2015	2014
	US$'000	*US$'000*
PRC	**1,894,929**	510,107
Korea	**1,088,424**	1,179,243
Hong Kong	**9,514**	7,928
	2,992,867	1,697,278

** Non-current assets excluded financial assets and deferred tax assets.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products:

	2015	2014
	US$'000	*US$'000*
Sales of electricity	**924,833**	1,150,123
Sales of steam	**74,320**	85,624
Capacity charges	**132,007**	134,505
Connection charges and others	**286**	325
Management service fee income	**20,459**	8,975
	1,151,905	1,379,552

6. OTHER INCOME

	2015	2014
	US$'000	*US$'000*
Government grants *(Note 33)*	**4,184**	835
Income on sales of scrap materials	**2,489**	3,146
Income on sales of electricity generation quota	**716**	–
Compensation income	**1,527**	–
Value added tax refund	**3,673**	3,245
Interest income	**4,430**	3,520
Equipment rental income	**719**	955
Others	**892**	1,395
	18,630	13,096

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. OTHER GAINS AND LOSSES

	2015	2014
	US$'000	*US$'000*
Change in fair value of derivative financial instruments not under hedge accounting	**–**	2,606
Net foreign exchange losses	**(1,604)**	(815)
Loss on disposal of property, plant and equipment	**(48)**	(78)
	(1,652)	1,713

8. FINANCE COSTS

	2015	2014
	US$'000	*US$'000*
Interest on:		
Bank borrowings wholly repayable		
– Within 5 years	**25,115**	26,998
– Over 5 years	**29,748**	27,937
Loans from fellow subsidiaries	**5,205**	237
Loan from an intermediate holding company	**2,375**	2,817
Bond payables	**14,377**	14,260
	76,820	72,249
Less: amounts capitalised to construction in progress	**(21)**	(8,975)
	76,799	63,274

9. INCOME TAX EXPENSE

	2015	2014
	US$'000	*US$'000*
Current tax:		
Provision for the year	**30,522**	33,546
Overprovision in prior years	**(585)**	(622)
	29,937	32,924
Dividend withholding tax – current year	**7,035**	5,559
Deferred tax *(Note 20)*:		
Current year	**3,006**	1,085
	39,978	39,568

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9. INCOME TAX EXPENSE *(Continued)*

The Company is exempted from taxation in Bermuda.

Current tax provision represents provision for PRC Enterprise Income Tax ("**PRC EIT**") and Korean Corporate Income Tax ("**KCIT**").

Under the Law of People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards, except for those subsidiaries described below.

Certain subsidiaries of the Group in the PRC are under the Western China Development Plan and a preferential tax rate of 15% is granted for an extended period from 2011 to 2020. As a result, the tax rate of 15% is used to calculate the amount of current taxation.

Pursuant to KCIT law, the statutory income tax of the Group's Korean subsidiaries was calculated at a rate of 24.2% of the estimated assessable profit for the years ended 31 December 2015 and 2014.

For the year ended 31 December 2015, a tax exemption of KRW3,511,000,000 (2014: KRW8,618,000,000), equivalent to approximately US$3,108,000 (2014: US$8,179,000) is granted to a Korean subsidiary under KCIT in relation to the installation of energy saving facilities.

Pursuant to Hong Kong tax law, the statutory income tax was calculated at a rate of 16.5% for the years ended 31 December 2015 and 2014. Pursuant to the tax laws in Republic of Malta and in Mauritius, the statutory income tax was calculated at a rate of 35% and 15%, respectively, for the years ended 31 December 2015 and 2014. However, subsidiaries of the Group operating in these jurisdictions have not generated taxable income during both years and therefore, no tax provision has been made by the Group in relation to these subsidiaries.

The Group's subsidiaries, associates and a joint venture that are tax residents in the PRC are subject to the PRC dividend withholding tax ranging from 5% to 10% for those non-PRC tax resident immediate holding companies incorporated in Hong Kong and other jurisdictions, when and if undistributed earnings are declared and to be paid as dividends out of profits that arose on or after 1 January 2008.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9. INCOME TAX EXPENSE *(Continued)*

The Group's subsidiaries that are tax residents in Korea are subject to a 10% Korean dividend withholding tax based on the PRC-Korea Tax Treaty when and if undistributed earnings are declared and to be paid to non-PRC or non-Korea residents as dividends out of profits.

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

	2015	2014
	US$'000	*US$'000*
Profit before tax	**162,392**	257,280
Tax at PRC EIT of 25% *(Note)*	**40,598**	64,320
Tax effect of expenses not deductible for tax purpose	**12,441**	14,751
Tax effect of income not taxable for tax purpose	**(1,713)**	(1,710)
Tax effect of share of results of associates	**(15,828)**	(10,643)
Tax effect of share of results of a joint venture	**–**	(5,254)
Tax effect of preferential tax rates granted to certain PRC subsidiaries	**(2,692)**	(1,781)
Utilisation of tax losses previously not recognised	**(269)**	(319)
Tax effect of tax losses not recognised	**334**	163
Tax effect of gain on disposal of subsidiaries, associates and a joint venture not taxable for tax purpose	**–**	(24,086)
Withholding tax on distributable profits of subsidiaries, associates and a joint venture	**11,645**	13,460
Overprovision in prior years	**(585)**	(622)
Effect of tax exemptions granted to a Korea subsidiary	**(3,108)**	(8,179)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(845)**	(532)
Income tax expense for the year	**39,978**	39,568

Note: The tax rate represents the statutory tax rate of the operations in the jurisdiction where the operations of the Group are substantially based.

Details of deferred tax movement are set out in note 20.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

10. PROFIT FOR THE YEAR

	2015	2014
	US$'000	*US$'000*
Profit for the year has been arrived at after (crediting):		
Release of prepaid lease payments	**2,751**	2,082
Allowance for (recovery of) bad and doubtful receivables	**80**	(3)
Staff costs		
– salaries and wages	**52,615**	50,995
– retirement benefits scheme contributions, excluding directors	**9,776**	8,994
Total staff costs, excluding directors	**62,391**	59,989
Auditor's remuneration	**1,404**	999

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

2015

Name	Position	Date of appointment as director/ chairman/president	Date of resignation/ re-designation	Directors' fee US$'000	Salaries and allowance US$'000	Performance related incentive payments US$'000 (Note a)	Benefits in kind US$'000	Contribution to retirement benefits scheme US$'000	Equity-settled share option expense US$'000 (Notes (b) and (c))	Compensation of loss of office paid US$'000	Total US$'000
Mr. CHEN Sui 陳遂	Chairman and Voting Director	3 January 2014	3 October 2014	–	–	–	–	–	–	–	–
	Chairman and Non-executive Director	3 October 2014	26 January 2015								
	Chairman and Executive Director	26 January 2015	N/A								
Mr. LIN Jian 林堅	Voting Director and Chief Executive Officer	9 October 2012	3 January 2014	–	112	207	43	7	–	–	369
	Voting Director and President	3 January 2014	3 October 2014	–	–	–	–	–	–	–	–
	Executive Director and President	3 October 2014	N/A								
Mr. CHEN Qiming 陳啟明	Voting Director	9 March 2012	3 October 2014	–	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A								
Mr. XU Yuan 徐原	Non-executive Director	18 March 2015	N/A	–	–	–	–	–	–	–	–
Mr. YIN Engang 尹恩剛	Non-executive Director	18 March 2015	N/A	–	–	–	–	–	–	–	–
Mr. CHEN Huijiang 陳惠江	Voting Director	22 November 2013	3 October 2014	–	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	18 March 2015								
Mr. DAI Honggang 戴洪剛	Voting Director	7 March 2011	3 October 2014	–	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A								
Mr. LIN Beijing 林北京	Voting Director	7 March 2011	3 October 2014	–	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	18 March 2015								
Mr. XING Ping 邢平	Voting Director	9 April 2013	3 October 2014	–	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A								
Mr. SHEN Zhongmin 沈忠民	Independent non-executive Director	17 September 2014	13 April 2015	15	–	–	–	–	–	–	15
Mr. LEUNG Chi Ching Frederick 梁子正	Independent non-executive Director	17 September 2014	N/A	52	–	–	–	–	–	–	52
Mr. FAN Ren Da Anthony 范仁達	Independent non-executive Director	17 September 2014	N/A	52	–	–	–	–	–	–	52
Mr. WANG Susheng 王蘇生	Independent non-executive Director	17 September 2014	N/A	39	–	–	–	–	–	–	39
Mr. ZHANG Dongxiao 張東曉	Independent non-executive Director	7 July 2015	N/A	25	–	–	–	–	–	–	25
				183	112	207	43	7	–	–	552

Notes to the Consolidated Financial Statements

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11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

2014

Name	**Position**	**Date of appointment as director/ chairman/president**	**Date of resignation/ re-designation**	Directors' fee *US$'000*	Salaries and allowance *US$'000*	Performance related incentive payments *US$'000* *(Note (a))*	Benefits in kind *US$'000*	Contribution to retirement benefits scheme *US$'000*	Compensation of loss of office paid *US$'000*	Total *US$'000*
Mr. CHEN Sui 陳遂	Chairman and Voting Director	3 January 2014	3 October 2014	–	–	–	–	–	–	–
	Chairman and Non-executive Director	3 October 2014	26 January 2015							
	Chairman and Executive Director	26 January 2015	N/A							
Mr. LIN Jian 林堅	Voting Director and Chief Executive Officer	9 October 2012	3 January 2014	–	108	230	34	7	–	379
	Voting Director and President	3 January 2014	3 October 2014	–	–	–	–	–	–	–
	Executive Director and President	3 October 2014	N/A							
Mr. CHEN Qiming 陳啟明	Voting Director	9 March 2012	3 October 2014	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A							
Mr. CHEN Huijiang 陳惠江	Voting Director	22 November 2013	3 October 2014	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A							
Mr. DAI Honggang 戴洪剛	Voting Director	7 March 2011	3 October 2014	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A							
Mr. LIN Beijing 林北京	Voting Director	7 March 2011	3 October 2014	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A							
Mr. XING Ping 邢平	Voting Director	9 April 2013	3 October 2014	–	–	–	–	–	–	–
	Non-executive Director	3 October 2014	N/A							
Mr. SHEN Zhongmin 沈忠民	Independent non-executive Director	17 September 2014	N/A	15	–	–	–	–	–	15
Mr. LEUNG Chi Ching Frederick 梁子正	Independent non-executive Director	17 September 2014	N/A	15	–	–	–	–	–	15
Mr. FAN Ren Da Anthony 范仁達	Independent non-executive Director	17 September 2014	N/A	15	–	–	–	–	–	15
Mr. WANG Susheng 王蘇生	Independent non-executive Director	17 September 2014	N/A	11	–	–	–	–	–	11
Mr. HU Wenquan 胡文泉	Chairman	8 March 2011	3 January 2014	–	–	–	–	–	–	–
	Voting Director	7 March 2011	3 January 2014							
				56	108	230	34	7	–	435

Notes:

(a) The performance related incentive payments are based on the Group's performance for the relevant previous years.

(b) Equity-settled share option expense represents amortisation to the profit or loss of the fair value of the share options measured at the respective grant dates, regardless of whether the share options would be exercised or not.

(c) During the year ended 31 December 2015, 1,400,000 share options were granted to the exercise directors under the 2015 Scheme (as defined in note 34) (2014: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Directors' and chief executive's emoluments *(Continued)*

Certain directors have also been employed by CGN and its subsidiaries, so the payments of their emoluments were borne by CGN and its subsidiaries for both years.

Neither the President nor any of the directors of the Company waived any emoluments during both years.

No emoluments were paid to the directors of the Company as an inducement to join for both years.

Employees' remuneration

The five highest paid individuals did not include any directors of the Company for the year ended 31 December 2015 and 2014. The emoluments of the five individuals for the years ended 31 December 2015 and 2014 are as follow:

	2015	2014
	US$'000	*US$'000*
Salaries and allowances	**1,740**	1,981
Contributions to retirement benefits scheme	**49**	77
Performance related incentive payments *(Note)*	**3,199**	1,537
	4,988	3,595

Note: The performance related incentive payments are determined by the Board of Directors of the Company based on the Group's performance for the relevant previous years.

No benefits in kind and compensations of loss of office were paid to the individuals and no emoluments were paid to the individuals as an inducement to join for both years.

Their emoluments were within the following bands:

	No. of employees	
	2015	2014
HK$3,500,001 to HK$4,000,000 (Equivalent to US$451,001 to US$516,000)	**–**	1
HK$4,000,001 to HK$4,500,000 (Equivalent to US$516,001 to US$580,000)	**1**	–
HK$4,500,001 to HK$5,000,000 (Equivalent to US$580,001 to US$645,000)	**–**	2
HK$5,000,001 to HK$5,500,000 (Equivalent to US$645,001 to US$709,000)	**–**	–
HK$5,500,001 to HK$6,000,000 (Equivalent to US$709,001 to US$773,000)	**2**	1
HK$6,000,001 to HK$6,500,000 (Equivalent to US$773,001 to US$838,000)	**1**	–
HK$9,000,001 to HK$9,500,000 (Equivalent to US$1,160,001 to US$1,225,000)	**–**	1
HK$16,500,001 to HK$17,000,000 (Equivalent to US$2,129,001 to US$2,194,000)	**1**	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Compensation of key management personnel

The remunerations of directors and other key management for the years ended 31 December 2015 and 2014 were as follows:

	2015	2014
	US$'000	*US$'000*
Short-term benefits	**3,285**	2,715
Post-employment benefits	**177**	126
Benefits in kind	**43**	34
	3,505	2,875

The remuneration of directors and key executives is determined by having regard to the performance of individuals and the Group and market trends.

12. DIVIDEND

For the year ended 31 December 2015

No dividend was paid or declared during the year. Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of US$0.44 cents per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

For the year ended 31 December 2014

The distribution in kind is satisfied through a distribution from the contributed surplus of US$141,466,000 and accumulated profits of US$43,394,000 in relation to the group restructuring as defined in note 39.

In relationship to the Xiangtou Disposal (as defined in note 39), a deemed distribution of US$210,542,000 was resulted, which represents a distribution from the other non-distributable reserves of US$19,669,000 and accumulated profits of US$190,873,000 pursuant to the group restructuring, that was approved by the then sole shareholder of the Company in relation to the group restructuring as defined in note 39. The deemed distribution represents the difference between the net asset value of Meiya Xiangtou Power Company Limited ("**Meiya Xiangtou**") amounting to US$372,452,000 and the net consideration of US$161,910,000 *(note 39(a))*.

A special interim dividend of US$33.47 per share, amounting to US$3,347,000 in aggregate was declared and approved by the then sole shareholder of the Company in relation to the group restructuring as defined in note 39. The special interim dividend of US$3,347,000 was to offset the cash consideration of US$3,347,000 in relation to the Xiangtou Disposal as defined in note 39.

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13. EARNINGS PER SHARE

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

	2015	2014
Earnings per share, basic *(US cents) (note a)*	**2.42**	5.97
Earnings per share, diluted *(US cents) (notes (a) and (b))*	**2.42**	5.97

	2015 *US$'000*	2014 *US$'000*
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owner of the Company)	**103,879**	202,203

	2015 *'000*	2014 *'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,290,824**	3,384,786

Notes:

(a) The earnings for calculating basic and diluted earnings per share for the year ended 31 December 2014 has included the share of profit from the Disposal Group as defined in note 39 before its disposal and an one-off gain on disposal of subsidiaries, associates and a joint venture resulted from the restructuring that amounts to US$96,343,000. Should the profit from Disposal Group and the one-off gain be excluded from the calculation, the earnings per share for the Group only amounts to US cents 2.51 for the year ended 31 December 2014.

(b) The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than the average market prices for shares from the dates of grant.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2014 has been taken into account the capitalisation issue and the issuance of shares upon initial public offering as described more fully in note 35.

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14. EMPLOYEE BENEFITS

Hong Kong

The Group operates a Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. During the year ended 31 December 2015, the retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss were approximately US$695,000 (2014: US$635,000).

The PRC

In accordance with the relevant rules and regulations of the PRC, the Group's PRC subsidiaries are required to make contributions to the retirement fund administered by the PRC government ranging from 10% to 22% of the total monthly basic salaries of the current employees. In addition, the Group's PRC subsidiaries are required by law to contribute 2% to 15% of basic salaries of the employees for social insurance in relating to staff welfare, housing, medical and education benefits. During the year ended 31 December 2015, the costs charged under such arrangements for the Group's PRC subsidiaries amounted to approximately US$7,882,000 (2014: US$7,661,000).

Korea

In accordance with the relevant rules and regulations in Korea, all employees with more than one year of service are entitled to lump-sum severance payments equal to one month's pay of service for each year based on their rate of latest salary and the length of service upon termination of their employment or retirement. The accrual for severance indemnities is determined based on the amount that would be payable assuming all employees were to retire at the end of the reporting period. In addition, the Group's Korean subsidiaries are required by law to contribute 0.08% to 4.5% of the average salaries of the employees for national pension, national health insurance, unemployment insurance, industrial accident compensation insurance and wage claim guarantee fund. During the year ended 31 December 2015, the cost charged under such arrangements for the Group's Korean subsidiaries amounted to approximately US$803,000 (2014: US$705,000). In the opinion of the directors of the Company, the accrual for such severance indemnities is adequate.

The Group does not have any other significant post-retirement benefit plans.

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15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Korea US$'000	Buildings US$'000	Electric and steam generating facilities US$'000	Office and electronic equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
COST							
At 1 January 2014	57,599	393,330	1,335,374	10,577	4,705	474,369	2,275,954
Exchange differences	(2,516)	(9,434)	(36,822)	(883)	(4)	(2,893)	(52,552)
Additions	20,621	1,555	5,277	1,498	446	165,849	195,246
Disposal of subsidiaries *(note 39)*	–	(15,804)	(53,029)	(1,346)	(1,283)	(231,555)	(303,017)
Disposals	–	–	(142)	(355)	(306)	–	(803)
Transfer	–	101,824	284,478	118	–	(386,420)	–
Transfer to disposal entity classified as held-for-sale *(note 40)*	–	(3,105)	(35,221)	(150)	(171)	–	(38,647)
At 31 December 2014	**75,704**	**468,366**	**1,499,915**	**9,459**	**3,387**	**19,350**	**2,076,181**
Exchange differences	**(4,822)**	**(32,713)**	**(108,909)**	**(464)**	**(182)**	**(782)**	**(147,872)**
Acquisition of subsidiaries *(note 38)*	**–**	**147,855**	**1,059,260**	**1,181**	**1,439**	**4,162**	**1,213,897**
Additions	**892**	**968**	**3,559**	**845**	**164**	**51,398**	**57,826**
Disposals	**–**	**–**	**(324)**	**(341)**	**(172)**	**–**	**(837)**
Reclassification	**–**	**3,677**	**(3,677)**	**–**	**–**	**–**	**–**
Reclassified from disposal entity classified as held-for-sale	**–**	**3,105**	**35,221**	**150**	**171**	**–**	**38,647**
Transfer	**–**	**18,610**	**39,906**	**269**	**–**	**(58,785)**	**–**
At 31 December 2015	**71,774**	**609,868**	**2,524,951**	**11,099**	**4,807**	**15,343**	**3,237,842**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2014	–	130,817	454,175	7,078	2,921	–	594,991
Exchange differences	–	(959)	(7,261)	(925)	(21)	–	(9,166)
Provided for the year	–	17,488	76,104	832	328	–	94,752
Disposal of subsidiaries *(note 39)*	–	(3,092)	(52,436)	(1,025)	(320)	–	(56,873)
Eliminated on disposals	–	–	(106)	(263)	(301)	–	(670)
Transfer to disposal entity classified as held-for-sale *(note 40)*	–	(2,027)	(27,959)	(112)	(38)	–	(30,136)
At 31 December 2014	**–**	**142,227**	**442,517**	**5,585**	**2,569**	**–**	**592,898**
Exchange differences	**–**	**(9,094)**	**(30,184)**	**(295)**	**(149)**	**–**	**(39,722)**
Provided for the year	**–**	**20,647**	**87,254**	**1,152**	**425**	**–**	**109,478**
Reclassified from disposal entity classified as held-for-sale	**–**	**2,027**	**27,959**	**112**	**38**	**–**	**30,136**
Eliminated on disposals	**–**	**–**	**(266)**	**(318)**	**(149)**	**–**	**(733)**
Reclassification	**–**	**3,677**	**(3,677)**	**–**	**–**	**–**	**–**
At 31 December 2015	**–**	**159,484**	**523,603**	**6,236**	**2,734**	**–**	**692,057**
CARRYING VALUES							
At 31 December 2015	**71,774**	**450,384**	**2,001,348**	**4,863**	**2,073**	**15,343**	**2,545,785**
At 31 December 2014	75,704	326,139	1,057,398	3,874	818	19,350	1,483,283

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15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for freehold land in Korea and construction in progress, are depreciated on a straight-line basis at the following useful lives:

Buildings	Over the shorter of the term of the lease, and 20 to 50 years
Electric and steam generating facilities	17 to 30 years
Office and electronic equipment	3 to 12 years
Motor vehicles	5 to 10 years

At 31 December 2015, the Group has not yet obtained the ownership certificates of certain buildings with carrying values of US$14,127,000 (2014: US$14,631,000).

At 31 December 2015 and 2014, certain amounts of the property, plant and equipment have been pledged as security for the borrowings. Details are set out in note 30.

16. PREPAID LEASE PAYMENTS

	2015 ***US$'000***	2014 *US$'000*
Analysed for reporting purposes as:		
Non-current asset	**57,982**	13,794
Current asset	**3,640**	1,938
	61,622	15,732
Prepaid lease payments comprise:		
Medium-term lease	**61,622**	15,732

The amount represents the prepaid land use rights and is released to profit or loss on a straight-line basis, over 20 to 70 years which is equal to the original period stated in the land use rights certificates granted for usage to the Group.

During the year ended 31 December 2015, carrying amount of US$47,836,000 of the prepaid lease payment has been acquired through acquisition of subsidiaries. Details are set out in note 38.

During the year ended 31 December 2014, carrying amount of US$2,304,000 of the prepaid lease payment has been disposed of together with the disposal of subsidiaries. Details are set out in note 39.

At 31 December 2015 and 2014, certain amounts of prepaid lease payments have been pledged as security of the borrowings. Details are set out in note 30.

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17. GOODWILL

	US$'000
Cost and carrying value	
At 1 January 2014, 31 December 2014	844
Arising on acquisition of subsidiaries *(note 38)*	178,123
At 31 December 2015	**178,967**

Goodwill is allocated to the following Group's cash-generating units:

	2015 **US$'000**	2014 *US$'000*
Nantong (as defined below) *(note a)*	**844**	844
Wind Energy Subsidiaries (as defined in note 38) *(note b)*	**122,127**	–
Solar Energy Subsidiaries (as defined in note 38) *(note b)*	**55,996**	–
	178,967	844

Notes:

(a) For the purpose of impairment testing, goodwill has been allocated to an individual cash generating unit, comprising one subsidiary, namely Nantong Meiya Co-generation Co., Ltd. 南通美亞熱電有限公司 ("**Nantong**") in the coal-fired and co-generation unit. The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on a five-year period financial budget approved by senior management and discount rate of 12.9% (2014: 12.1%) as at 31 December 2015. Nantong's cash flows beyond the five-year period are extrapolated with zero growth rate. Other key assumptions for the value in use calculations relate to the budgeted sales and gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Nantong to exceed the aggregate recoverable amount of Nantong. Since the recoverable amount of the cash generating unit is higher than its carrying amount, the directors of the Company consider that the goodwill is not impaired.

(b) For the purpose of impairment testing, goodwill has been allocated to the Wind Energy Subsidiaries and Solar Energy Subsidiaries which are considered as individual cash generating units. The recoverable amount of Wind Energy Subsidiaries and Solar Energy Subsidiaries have been determined based on value in use calculation. Goodwill impairment testing has been assessed for the Wind Energy Subsidiaries and Solar Energy Subsidiaries individually. That calculation uses cash flow projections based on a five-year period financial budget of the Wind Energy Subsidiaries and Solar Energy Subsidiaries approved by management and discount rate of 8.45% and 9.48%, respectively. The cash flows of the Wind Energy Subsidiaries and Solar Energy Subsidiaries beyond the five-year period are extrapolated with zero growth rate. Other key assumptions for the value in use calculations relate to the budgeted sales and gross margin, which is determined based on past performance of the Wind Energy Subsidiaries and Solar Energy Subsidiaries and management's expectations for the market development. Management believes that any reasonably possible change in the assumptions would not cause the carrying amounts of the Wind Energy Subsidiaries and Solar Energy Subsidiaries to exceed their recoverable amounts. Since the recoverable amounts of the Wind Energy Subsidiaries and Solar Energy Subsidiaries are higher than their carrying amounts the directors of the Group consider that the goodwill is not impaired.

18. INTERESTS IN ASSOCIATES

	2015 **US$'000**	2014 *US$'000*
Cost of unlisted investment in associates	**146,276**	147,782
Share of post-acquisition profits net of dividends received, and exchange realignment	**28,196**	20,489
	174,472	168,271

The other shareholders of the associates are state-owned enterprises of Hubei province.

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18. INTERESTS IN ASSOCIATES *(Continued)*

During the year ended 31 December 2014, the Group has disposed of the entire of its equity interest in Jingyuan Second Power Co., Ltd. 靖遠第二發電有限公司 (“**Jingyuan**”), Dongyuan Quijing Energy Co., Ltd. 東源曲靖能源有限公司 (formerly SDIC Qujing Power Generation 國投曲靖發電有限公司), (“**Dongyuan Qujing**”), Indiabulls Power Generation Limited (“**IBPGL**”) and Diana Energy Limited, with effect from July 1, 2014. Details are set out in note 39.

As at 31 December 2015 and 2014, the Group has interests in the following associates:

Name of associates	Place of establishment/ incorporation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2015	2014	
Hubei Huadian Xisaishan Power Generation Co., Ltd. (“**Hubei Huadian**”) 湖北華電西塞山發電有公司	The PRC	15 August 2007	Sino-foreign equity joint venture	Registered capital of RMB950,000,000 and paid-up capital of RMB950,000,000	**49%**	49%	Generation and supply of electricity
Hubei Xisaishan Power Generation Co., Ltd. (“**Hubei Xisaishan**”) 湖北西塞山發電有限公司	The PRC	18 October 2000	Sino-foreign cooperative joint venture	Registered capital of RMB945,000,000 and paid-up capital of RMB945,000,000	**49%**	49%	Generation and supply of electricity

Summarised financial information represents amounts shown in relevant associate’s financial statements prepared in accordance with IFRSs, in respect of each of the Group’s material associates is set out below.

All associates are accounted for using the equity method in the consolidated financial statements.

Hubei Xisaishan

	2015 *US$’000*	2014 *US$’000*
Current assets	**44,187**	72,164
Non-current assets	**275,025**	317,484
Current liabilities	**(80,168)**	(142,201)
Non-current liabilities	**(77,645)**	(85,163)
Revenue	**223,935**	232,472
Profit and total comprehensive income for the year	**47,707**	23,367
Dividends received from associate during the year	**11,595**	12,931

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18. INTERESTS IN ASSOCIATES *(Continued)*

Hubei Xisaishan *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hubei Xisaishan recognised in the consolidated financial statements:

	2015	2014
	US$'000	*US$'000*
Net assets of the associate	**161,399**	162,284
Proportion of the Group's ownership interest in Hubei Xisaishan	**49%**	49%
Carrying amount of the Group's interest in Hubei Xisaishan	**79,086**	79,519

Hubei Huadian

	2015	2014
	US$'000	*US$'000*
Current assets	**91,110**	142,253
Non-current assets	**587,087**	657,359
Current liabilities	**(204,160)**	(230,652)
Non-current liabilities	**(282,619)**	(391,080)
Revenue	**377,091**	330,149
Profit and total comprehensive income for the year	**81,501**	60,000
Dividends received from associate during the year	**25,439**	26,235

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18. INTERESTS IN ASSOCIATES *(Continued)*

Hubei Huadian *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hubei Huadian recognised in the consolidated financial statements:

	2015	2014
	US$'000	*US$'000*
Net assets of the associate	**191,418**	177,880
Proportion of the Group's ownership interest in Hubei Huadian	**49%**	49%
	93,795	87,161
Goodwill	**1,591**	1,591
Carrying amount of the Group's interest in Hubei Huadian	**95,386**	88,752

19. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS

	2015	2014
	US$'000	*US$'000*
Non-trade related:		
Guangxi Liuzhou Rongjiang Hydropower Development Company Limited 廣西柳州融江水電開發有限責任公司 ("**Guangxi Liuzhou**")	**694**	849
Mianyang Sanjiang Construction Company Limited 綿陽市三江建設有限公司 ("**MSCC**")	**10**	11
Trade related:		
Bao Steel Group Shanghai No.1 Iron & Steel Co., Ltd. ("**Shanghai No.1 Iron & Steel**")	**2,450**	1,936
	3,154	2,796
Less: Amount due within one year	**(2,450)**	(1,936)
Amount due after one year	**704**	860

The amounts due from Guangxi Liuzhou and MSCC, non-controlling shareholders of subsidiaries of the Group are unsecured, non-interest bearing and have no fixed repayment term. The management of the Group expects to recover these amounts through setting off with service fees and dividend entitled by Guangxi Liuzhou and MSCC; and therefore they are classified as non-current.

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19. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS *(Continued)*

The amount due from Shanghai No.1 Iron & Steel, a non-controlling shareholder of a subsidiary of the Group, is unsecured, non-interest bearing and with a credit term ranging from 0 to 60 days.

The following is an ageing analysis of amount due from a non-controlling shareholder (trade-related), presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2015	2014
	US$'000	*US$'000*
0 – 60 days	**2,450**	1,936

Management of the Group evaluates the recoverability of the amount due from a non-controlling shareholder at the end of the reporting period by assessing the repayment history, financial position and credit quality of the non-controlling shareholder. As the non-controlling shareholder has good track record, the management of the Group considers the Group's credit risk is significantly reduced.

20. DEFERRED TAX ASSETS AND LIABILITIES

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

	Withholding tax on distributable profits	**Accelerated tax depreciation**	**Revaluation of prepaid lease payments**	**Fair value adjustment of property, plant and equipment**	**Deferred connection charges**	**Others**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2014	(35,325)	(14,076)	(1,297)	–	80	(507)	(51,125)
Exchange differences	111	(152)	–	–	–	–	(41)
Disposal of subsidiaries, associates and a joint venture *(note 39)*	12,404	3,096	–	–	–	–	15,500
Reclassified from disposal entity classified as held-for-sale *(note 40)*	–	816	–	–	–	–	816
Credit to hedging reserve	–	–	–	–	–	33	33
(Charge) credit to profit or loss	(7,901)	6,689	216	–	33	(122)	(1,085)
At 31 December 2014	(30,711)	(3,627)	(1,081)	–	113	(596)	(35,902)
Exchange differences	(363)	327	10	(317)	(5)	–	(348)
Arising on acquisition of subsidiaries *(note 38)*	–	–	(8,622)	25,439	–	–	16,817
Reclassified from disposal entity classified as held-for-sale *(note 40)*	–	(816)	–	–	–	–	(816)
Credit to hedging reserve	–	–	–	–	–	30	30
(Charge) credit to profit or loss	(4,490)	1,535	95	(103)	(43)	–	(3,006)
At 31 December 2015	(35,564)	(2,581)	(9,598)	25,019	65	(566)	(23,225)

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20. DEFERRED TAX ASSETS AND LIABILITIES *(Continued)*

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	US$'000	*US$'000*
Deferred tax assets:		
Difference between tax allowance and accounting depreciation and others	**917**	1,243
Deferred connection charges	**65**	113
Arising on acquisition of subsidiaries	**27,571**	–
	28,553	1,356
Deferred tax liabilities:		
Difference between tax allowance and accounting depreciation and others	**(4,547)**	(5,466)
Revaluation of prepaid lease payments	**(869)**	(1,081)
Withholding tax on distributable profits of subsidiaries, associates and joint venture	**(35,564)**	(30,711)
Arising on acquisition of subsidiaries	**(10,798)**	–
	(51,778)	(37,258)
	(23,225)	(35,902)

As at 31 December 2015, the Group has unused tax losses of approximately US$3,260,000 (2014: US$1,924,000), available for offset against future profits. During the current year, addition of unrecognised tax losses of approximately US$2,412,000 was resulted from the acquisition of Target Companies as set out in note 38. Unrecognised tax losses of approximately US$13,572,000 was disposed together with the disposal of subsidiaries during the year ended 31 December 2014. Details are set out in note 39. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses will be expired at various times within a period of five years from the year of origination.

21. OTHER ASSETS

	2015	2014
	US$'000	*US$'000*
Prepayment for maintenance	**24,908**	25,063
Deposit for acquisition of property, plant and equipment	**4,757**	–
Prepaid insurance expenditure and usage right of electricity transmission facilities *(Note)*	**863**	1,517
Others	**5,133**	4,506
	35,661	31,086

Note: Included in the balance, approximately US$696,000 (2014: US$680,000) as at 31 December 2015 represents the prepayment for usage of electricity transmission facilities made to KEPCO.

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22. INVENTORIES

	2015	2014
	US$'000	*US$'000*
Coal and oil	**8,388**	12,097
Spare parts and supplies	**20,367**	18,733
	28,755	30,830

23. TRADE RECEIVABLES

	2015	2014
	US$'000	*US$'000*
Trade receivables	**200,954**	158,121
Less: allowance for doubtful debts	**(189)**	(118)
	200,765	158,003

The Group allows a credit period from 30 to 90 days throughout the year to its trade customers. Over 99% (2014: 99%) of the trade receivables are neither past due nor impaired as at 31 December 2015. The management considers that these receivables have good credit rating under the credit review policy used by the Group.

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period, which approximated the revenue recognition dates.

	2015	2014
	US$'000	*US$'000*
0 – 60 days	**199,355**	156,856
61 – 90 days	**552**	371
Over 90 days	**858**	776
	200,765	158,003

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately US$1,410,000 (2014: US$1,030,000) as at 31 December 2015, which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 92 days (2014: 95 days) as at 31 December 2015.

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23. TRADE RECEIVABLES *(Continued)*

Ageing of trade receivables which are past due but not impaired

	2015 *US$'000*	2014 *US$'000*
Past due for:		
1 – 90 days	**1,117**	644
91 – 180 days	**–**	17
Over 181 days	**293**	369
Total	**1,410**	1,030

The Group has assessed individual cases and provided allowance for doubtful debts when management considers the receivables are unlikely to recover in foreseeable future.

Movement in the allowance for doubtful debts

	2015 *US$'000*	2014 *US$'000*
At beginning of the year	**118**	121
Exchange differences	**(9)**	–
Allowance for bad debts	**80**	–
Recovery of bad debts	**–**	(3)
At end of the year	**189**	118

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit initially granted up to the end of the reporting period.

In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Accordingly, the directors of the Company believe that no further allowance is required in excess of the existing allowance for bad and doubtful debts.

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24. AMOUNTS DUE FROM (TO) ASSOCIATES/FELLOW SUBSIDIARIES

As at 31 December 2015 and 2014, all amounts are non-trade nature, unsecured, non-interest bearing and recoverable/repayable on demand.

25. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSITS/PLEDGED BANK DEPOSITS/FIXED DEPOSITS WITH BANK

Bank balances carry interest at market rates which range from 0% to 4.20% (2014: 0% to 3.25%) per annum as at 31 December 2015. The pledged bank deposits carry interest at market rates ranging from 0.1% to 1.68% (2014: 1.2% to 2.05%) per annum as at 31 December 2015.

Included in the cash balance, US$125,444,080 (2014:US$86,272,000) deposits has been made to CGNPC Huasheng Investment Limited ("**CGN Huasheng**"). These deposits are unsecured, interest bearing at ranging from 1.20% to 4.20% (2014: ranging from 0.01% to 1.64%) and recoverable on demand. As the Group can withdraw these deposits without giving any notice and without suffering any penalty, the directors of the Company consider that these deposits made to CGN Huasheng is qualified as cash.

As at 31 December 2015, US$145,227,946 (2014: US$43,803,000) of the bank and cash balance are deposited in CGN Finance Co. Ltd. ("**CGN Finance**"), a fellow subsidiary established in the PRC with limited liability and a non-banking financial institution subject to the regulations of the People's Bank of China and the China Banking Regulatory Commission, in the PRC.

Pledged bank deposits are pledged to banks to secure bank borrowings granted to the Group, and it cannot be withdrawn prior to the approval of relevant banks.

Fixed deposits with bank represents deposits with maturity over three months with bank carry interest at market rate at 1.48% per annum as at 31 December 2014, with original maturity dates of 182 days from inception. No fixed deposit balance as at 31 December 2015.

26. TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2015	2014
	US$'000	*US$'000*
0 – 61 days	**88,154**	156,015
61 – 90 days	**140**	59
Over 90 days	**1,484**	933
Total	**89,778**	157,007

The average credit period on purchases of goods is 40 (2014: 33) days for the year ended 31 December 2015. The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

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27. OTHER PAYABLES AND ACCRUALS

	2015 **US$'000**	2014 US$'000
Construction costs payable	**112,726**	15,229
Staff costs payable	**9,427**	13,948
Accrued interest expense on borrowings	**1,899**	657
Accrued listing expenses	**–**	1,226
Value-added tax payable	**9,614**	14,515
Others	**22,207**	16,430
	155,873	62,005

28. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

	2015 **US$'000**	2014 US$'000
Non-trade related:		
廣西崇左市滙源水電公司 Guangxi Chongzuo Huiyuan Hydropower Company ("**Chongzuo Huiyuan**")	**5,393**	5,479
Guangxi Liuzhou	**8**	–
MSCC	**132**	140
Shanghai No. 1 Iron & Steel	**590**	546
Through In Industries Limited	**1**	1
武漢華原能源物資開發公司 Wuhan Hua Yuan Energy and Material Development Company	**51**	78
中電投河南電力有限公司 CPI Henan Electric Power Co., Ltd.	**–**	1,226
Tianrun New Energy Investment Co., Ltd.	**23**	–
	6,198	7,470

The amounts due to non-controlling shareholders of certain subsidiaries or the then subsidiaries of the Group are unsecured, non-interest bearing and repayable on demand.

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29. ADVANCES FROM NON-CONTROLLING SHAREHOLDERS

	2015 *US$'000*	2014 *US$'000*
Chongzuo Huiyuan *(note a)*	**7,098**	7,533
Mianyang Sanjiang *(note b)*	**794**	791
	7,892	8,324
Less: Amounts due for settlement within one year shown under current liabilities	**(7,098)**	(7,533)
Amounts due for settlement after one year	**794**	791

Notes:

(a) The advance is unsecured, non-interest bearing and repayable on demand.

(b) As at 31 December 2015 and 2014, the advance is unsecured, non-interest bearing and repayable in 2032 and is therefore shown as non-current liabilities.

30. BANK BORROWINGS

	2015 *US$'000*	2014 *US$'000*
Secured	**1,547,952**	1,030,128
Unsecured	**102,678**	5,720
	1,650,630	1,035,848

The maturity profile of bank borrowings is as follows:

	2015 *US$'000*	2014 *US$'000*
Within one year	**114,024**	197,819
More than one year but not exceeding two years	**136,438**	53,287
More than two years but not more than five years	**370,845**	226,435
Over five years	**1,029,323**	558,307
	1,650,630	1,035,848
Less: Amounts due for settlement within one year shown under current liabilities	**(114,024)**	(197,819)
Amounts due for settlement after one year	**1,536,606**	838,029

The exposure of the fixed-rate borrowings are as follows:

	2015 *US$'000*	2014 *US$'000*
Fixed-rate borrowings		
Within one year	**10,265**	15,462
More than one year but not exceeding two years	**10,885**	15,455
More than two years but not more than five years	**36,637**	52,102
Over five years	**156,083**	187,160
	213,870	270,179

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For the year ended 31 December 2015

30. BANK BORROWINGS *(Continued)*

The exposure of the variable-rate borrowings are as follows:

	2015 US$'000	2014 US$'000
Variable-rate borrowings		
Within one year	**103,759**	182,357
More than one year but not exceeding two years	**125,553**	37,832
More than two years but not more than five years	**334,208**	174,333
Over five years	**873,240**	371,147
	1,436,760	765,669

All bank borrowings at the end of the reporting period are denominated in the functional currency of the respective group entities. The bank borrowings of the Group carry interest rates which range from 1.75% to 5.96% (2014: 1.75% to 6.62%) per annum during the year ended 31 December 2015.
The major terms of individually significant bank borrowings of the Company and major subsidiaries, before transaction costs, are as follows:

	Maturity date	Effective interest rate 2015	Effective interest rate 2014	2015 US$'000	2014 US$'000
Floating-rate borrowings:					
US$ LIBOR plus 3.0%	27 June 2015	–	3.16%	–	140,000
One Year Corporate Bond Rate plus 1.20%	29 September 2029	**3.56%**	3.56%	**144,582**	177,688
Three Year Corporate Bond Rate plus 1.50%	31 December 2029	**4.44%**	4.03%	**289,100**	326,643

Note: One Year and Three Year Corporate Bond Rate represents mark-to-market base yield for South Korean Won-denominated non-guaranteed corporate bonds with a credit rating of AA- and a maturity of one year and three years, respectively.

As at 31 December 2015 and 2014, the remaining bank borrowings of the Group carry interest at the PRC's lending rate less certain margin, South Korean Government Treasury Bond Rate, One Year Corporate Bond Rate plus 1.2% to 1.9% (2014: 1.3% to 1.95%), or Three Year Corporate Bond Rate plus 1.5% (2014: 1.4%). The maturities of these borrowings are ranging from within twelve months from the reporting period end to 2029.

In June 2013, the Group entered into a senior term loan facility with an independent commercial bank amounting to US$240,000,000 for the purpose of financing operating capital. The debt facility is guaranteed by CGN and bears interest at US$ LIBOR plus 3.0%. The extent of such facility utilised by the Group amounted to US$140,000,000 as at 31 December 2014 and reduced to US$Nil as at 31 December 2015. The loan is fully repaid in June 2015.

Further, the loan facility above is subject to restrictions on dividends, indebtedness and other matters.

The Group pledged the following assets to banks for credit facilities granted to the Group:

	2015 US$'000	2014 US$'000
Property, plant and equipment	**1,115,776**	1,126,062
Land use rights	**47,085**	2,475
Trade receivables	**76,899**	–
Bank deposits	**75,045**	118,132
	1,314,805	1,246,669

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31. BOND PAYABLES

On 19 August 2013, the Company issued bond in an aggregate principal amount of US$350,000,000 (the "**Bond**"). The Bond was priced at 99.686% of the principal amount of the Bond which is listed on the Stock Exchange of Hong Kong Limited. The Bond carries interest at 4% per annum and interest is payable semi-annually in arrears and will mature on 19 August 2018, unless redeemed earlier.

At any time and from time to time on or after 19 August 2013, the Company or the bondholders may redeem the Bond with the options set forth below:

Redemption for taxation reasons:

The Bond may be redeemed at the option of the Company in whole, but not in part, at their principal amount, together with accrued interest, at any time in the event of certain changes (effective on or after 12 August 2013) affecting taxes of Bermuda, the PRC or Hong Kong or any political subdivision or any authority thereof or therein having power to tax.

Redemption for change of control:

At any time following the occurrence of a change of control (as defined in the terms and conditions of the Bond) of the Company, the bondholders will have the right, at such holder's option, to require the Company to redeem all, but not some only, of such holder's Bond, at 101%, of their principal amount, together with accrued interest.

Redemption at the option of the Company:

On giving not less than 30 nor more than 60 days' notice to Citicorp International Limited (the "**Trustee**") and the bondholders, the Company may at any time redeem the Bond in whole but not in part, at a redemption amount per Bond equal to the amount (i.e. the greater of (i) the present value of the principal amount of the Bond, assuming a scheduled repayment thereof on the maturity date, plus the present value of all required remaining scheduled interest payments due on such Bond through the maturity date (but excluding accrued and unpaid interest to the option redemption date), computed using a discount rate equal to the adjusted treasury rate plus 20 basis points, and (ii) the principal amount of such Bond), together with accrued interest.

The Bond contains a liability component and the above early redemption options:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at the time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.18% per annum to the liability component since the Bond was issued.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 December 2015 and 2014.

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31. BOND PAYABLES *(Continued)*

Redemption at the option of the Company: *(Continued)*

The movement of the liability component in the Bond during the year is set out below:

	US$'000
Carrying amount as at 31 December 2013	353,466
Interest expenses charged	14,260
Payment of interest	(14,000)
Carrying amount as at 31 December 2014	353,726
Interest expenses charged	14,377
Payment of interest	(14,000)
Carrying amount as at 31 December 2015	354,103

	At 31 December 2015 ***US$'000***	At 31 December 2014 *US$'000*
Amount represented as:		
Current	**4,717**	4,718
Non-current	**349,386**	349,008
	354,103	353,726

32. LOANS FROM FELLOW SUBSIDIARIES/AN INTERMEDIATE HOLDING COMPANY

The loans from CGN Finance, amounting to US$111,881,000 as at 31 December 2015, are unsecured and interest bearing in nature. Among which US$96,422,000 are loans repayable in 2016 and interest bearing at 4.41% to 4.66% per annum and are shown as current liabilities as at 31 December 2015. The remaining US$15,459,000 is loan repayable in 2024 and interest bearing at 4.41% per annum as at 31 December 2015. It is shown as non-current liabilities as at 31 December 2015.

During the year ended 31 December 2015, a loan amounting to US$450,000,000 has been advanced from China Clean Energy Development Limited, a fellow subsidiary of the Company, which is unsecured, repayable in 2025 and interest bearing at 4.5% per annum as at 31 December 2015. It is shown as non-current liabilities as at 31 December 2015.

During the year ended 31 December 2015, a loan amounting to US$100,000,000 has been advanced from CGNPC International, which is unsecured, repayable in 2025 and interest bearing at 4.5% per annum as at 31 December 2015. It is shown as non-current liabilities as at 31 December 2015.

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33. GOVERNMENT GRANTS

The government grants consists of (i) subsidies of RMB24,773,000 (2014: RMB5,131,000), equivalent to approximately US$3,970,000 (2014: US$835,000) given by the PRC government to certain subsidiaries of the Group in the PRC for operating cost and environmental protection with no specific conditions attached to the incentives and other income will be recognised upon receipt and (ii) grants arising from the acquisition of one of the Target Companies (as defined in note 38), which represent grants received from government in the PRC in respect of a project for the construction of property, plant and equipment and such government grants are still subject to the approval from the government. During the year ended 31 December 2015, US$214,000 has been recognised as other income as such amount is approved by the government unconditionally. The movement of the government grants during the year is set out below:

	US$'000
As at 1 January 2015	–
Receipt of government grants	3,970
Arising from acquisition of Target Companies *(Note 38)*	19,118
Recognition of other income *(Note 6)*	(4,184)
Refund of government grants *(Note)*	(7,368)
As at 31 December 2015	11,536

Note: As the conditions of government grants are not fulfilled, part of the government grants amounting to approximately RMB46,000,000 (equivalent to approximately US$7,368,000) were refunded to the government during the year ended 31 December 2015.

34. SHARE OPTION SCHEMES

The Company's share option scheme (the "**2015 Scheme**"), was adopted pursuant to a resolution passed on 24 November 2015 for the primary purpose of providing incentives to directors and eligible employees. The 2015 Scheme will remain in force for a period of 10 years commencing from the date on which the Share Option Scheme is adopted by the Shareholders. Under the 2015 Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The exercise price in relation to each share option was determined by the Board of Directors at its absolute discretion and was not less than the highest of (i) the official closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the official closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of a share of the Company on the date of offer of share options. Each of the grantees was required to pay HK$1 as consideration for the grant of share options in accordance with the 2015 Scheme.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, were subject to approval in advance by the Independent Non-executive directors. In addition, any share options granted to a substantial shareholder or an Independent Non-executive director of the Company, or to any of their associates, in excess of in aggregate 0.1% of the shares of the Company in issue (based on the date of offer) and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of each offer), within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

On 8 December 2015 and 30 December 2015, 34,450,000 share options and 1,160,000 share options have been granted to certain eligible participants. At 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the 2015 Scheme was 34,980,000 representing 0.82% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The share options are exercisable during each period specified below for up to the number of Shares specified (i) on the first business day after 24 months from the Date of Grant to the last business day in the 60th month after the Date of Grant, approximately one-third of the Options granted will be exercisable, (ii) on the first business day after 36 months from the Date of Grant to the last business day in the 72nd month after the Date of Grant, approximately an additional one-third of the Options granted will be exercisable; and (iii) on the first business day after 48 months from the Date of Grant to the last business day in the 84th month after the Date of Grant, approximately one-third of the remaining Options granted will be exercisable.

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34. SHARE OPTION SCHEMES *(Continued)*

The following tables disclose details of the share options held by Directors, employees and other eligible participants under the 2015 Scheme and movements in such holdings during the year ended 31 December 2015:

Grantees	Number of share options					Date of grant	Vesting period	Exercisable period	Exercise price per share
	At 1.1.2015	Granted during 2015	Exercised during 2015	Lapsed during 2015 *(Note 1)*	At 31.12.2015 *(Note 2)*				*HK$*
Directors of the Company									
Mr. CHAN Sui 陳遂	–	233,333	–	–	233,333	8.12.2015	8.12.2015 to 7.12.2017	8.12.2017 to 9.12.2020	1.62
	–	233,333	–	–	233,333	8.12.2015	8.12.2015 to 7.12.2018	8.12.2018 to 9.12.2021	1.62
	–	233,334	–	–	233,334	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 9.12.2022	1.62
Mr. LIN Jian 林堅	–	233,333	–	–	233,333	8.12.2015	8.12.2015 to 7.12.2017	8.12.2017 to 9.12.2020	1.62
	–	233,333	–	–	233,333	8.12.2015	8.12.2015 to 7.12.2018	8.12.2018 to 9.12.2021	1.62
	–	233,334	–	–	233,334	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 9.12.2022	1.62
	–	1,400,000	–	–	1,400,000				
Other employees of the Group	–	11,016,667	–	210,000	10,806,667	8.12.2015	8.12.2015 to 7.12.2017	8.12.2017 to 9.12.2020	1.62
	–	11,016,667	–	210,000	10,806,667	8.12.2015	8.12.2015 to 7.12.2018	8.12.2018 to 9.12.2021	1.62
	–	11,016,666	–	210,000	10,806,666	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 9.12.2022	1.62
	–	386,666	–	–	386,666	30.12.2015	30.12.2015 to 28.12.2017	29.12.2017 to 30.12.2020	1.75
	–	386,667	–	–	386,667	30.12.2015	30.12.2015 to 28.12.2018	29.12.2018 to 30.12.2021	1.75
	–	386,667	–	–	386,667	30.12.2015	30.12.2015 to 28.12.2019	29.12.2019 to 30.12.2022	1.75
	–	34,210,000	–	630,000	33,580,000				
	–	35,610,000	–	630,000	34,980,000				
Exercisable	–				34,980,000				

Notes:

1. The lapse of the share options is due to the forfeiture by an employee who has left the Company during the year.

2. One-third of total share options granted will be exercisable after 2 years, 3 years and 4 years of the date of grant.

Notes to the Consolidated Financial Statements

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34. SHARE OPTION SCHEMES *(Continued)*

During the year ended 31 December 2015, options were granted on 8 December ("8 December Batch") and 30 December ("30 December Batch"). The estimated fair values of the options granted on those dates are HK$20,630,000 and HK$765,000 respectively.

These fair values were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	8 December Batch	**30 December Batch**
Share price	HK$1.59	HK$1.71
Exercise price	HK$1.62	HK$1.75
Expected volatility	45.7%	45.6%
Expected life	3.5-5.5 years	3.5-5.5 years
Risk-free rate	0.939%-1.426%	0.939%-1.426%
Expected dividend yield	0.0%	0.0%

The volatilities adopted were based on average annualised standard deviations of the continuously compounded rates of return of the share prices of the Company and comparable companies with similar business nature of the Company as of the valuation date.

The Group recognised the total expense of US$78,000 for the year ended 31 December 2015 in relation to share options granted by the Company.

35. SHARE CAPITAL

	Notes	**Number of shares**	**Share capital** *US$'000*	**Share capital** *HK$'000*
Ordinary shares of HK$0.0001 each (2014: US$0.40 each)				
Authorised:				
At 1 January 2013 and 31 December 2013		125,000	50	N/A
Cancellation of authorised share capital	*(a)*	(125,000)	(50)	N/A
Increased in authorised share capital	*(a)*	250,000,000	N/A	25,000
At 31 December 2014 and 2015		250,000,000	N/A	25,000
Issued and fully paid:				
At 1 January 2013 and 31 December 2013		100,000	40	N/A
Repurchase and cancellation of shares	*(a)*	(100,000)	(40)	N/A
Issuance of shares on 15 September 2014	*(a)*	3,101,800,000	N/A	310
Issuance of shares on 3 October 2014	*(b)*	1,033,934,000	N/A	103
Issuance of shares on 27 October 2014	*(b)*	155,090,000	N/A	16
At 31 December 2014 and 2015		4,290,824,000	N/A	429

	US$'000
Shown in the consolidated financial statements as	55

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35. SHARE CAPITAL *(Continued)*

During year ended 31 December 2014, the movements in share capital were as follows:

(a) Pursuant to the then sole member's resolutions passed on 15 September 2014, (i) the authorised share capital of the Company was increased by HK$25,000,000 by the creation of 250,000,000,000 shares of a nominal of HK$0.0001 each (the "**Increase**"); (ii) following the Increase, 3,101,800,000 shares of HK$0.0001 each, being allotted and issued to CGNPC Huamei (the "**Issue**"), nil-paid at a price of HK$0.0001 each, being an aggregate subscription price of HK$310,180 (the "**Subscription Price**"); (iii) following the Issue, 100,000 shares of US$0.4 each (the "**Existing Shares**") in the share capital of the Company in issue immediately prior to the Increase were repurchased by the Company (the "**Repurchase**") at US$0.4 each, being an aggregate repurchase price of US$40,000 (the "**Repurchase Price**") and the Existing Shares were cancelled; (iv) the Subscription Price was set-off against the Repurchase Price and the 3,101,800,000 nil-paid Shares of par value of HK$0.0001 each was credited as fully paid; and (v) following the Repurchase, the authorised but unissued share capital of the Company was diminished by the cancellation of all 125,000 unissued shares of US$0.4 each in the capital of the Company after which the Company has an authorised share capital of HK$25,000,000 divided into 250,000,000,000 shares of HK$0.0001 each.

(b) In connection with the Company's initial public offering, 1,033,934,000 and 155,090,000 ordinary shares were issued at HK$1.71 per share for a total cash consideration, before expenses, of approximately HK$1,768,027,000, equivalent to approximately US$228,000,000 and HK$265,204,000, equivalent to approximately US$34,200,000 on 3 October 2014 and 27 October 2014, respectively.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of debt, which includes amounts due to fellow subsidiaries, amounts due to non-controlling shareholders, advances from non-controlling shareholders, bank borrowings, bond payables, loans from fellow subsidiaries and loan from an intermediate holding company, as disclosed in notes 24, 28, 29, 30, 31 and 32, respectively, net of pledged bank deposits, fixed deposits with bank, cash and cash equivalents, and equity attributable to owner of the Company, comprising issued capital, accumulated profits and other reserves.

The management of the Group reviews the structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

Notes to the Consolidated Financial Statements

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37. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015	2014
	US$'000	*US$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**672,732**	727,602
Financial liabilities		
Amortised cost	**2,921,388**	1,609,955

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from (to) non-controlling shareholders, amounts due from (to) subsidiaries, amounts due from associates, amounts due from (to) fellow subsidiaries, advances from non-controlling shareholders, loans from fellow subsidiaries, loan from an intermediate holding company, pledged bank deposits, fixed deposits with bank, bank balances and cash, trade and other payables, bank borrowings and bond payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose them primarily to the financial risks of changes in interest rates and foreign currency exchange rate. The Group would enter into a variety of derivative financial instruments, if appropriate, to manage their exposure to interest rate and foreign currency risk, including:

- Interest rate swaps to mitigate the risk of rising interest rates; and
- Foreign currency forward contract to hedge the exchange rate risk related to U.S. dollar – denominated purchase of machinery.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(i) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to bank borrowings, pledged bank deposits, fixed deposits with bank and bank balances. The Group would use interest rate swaps to reduce exposure to interest rate fluctuations associated with floating-rate debt. Pledged bank deposits, fixed deposits with bank and bank balances are with counterparties of high credit quality. Therefore, the risk of non-performance by the counterparties is considered negligible.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate other payables, bank borrowings, bond payables, loan from fellow subsidiaries and loan from an intermediate holding company (see notes 27, 30, 31 and 32, respectively for details).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-hedged bank borrowings, pledged bank deposits, fixed deposits with bank, and bank balances (excluding bank balances carrying interest rate below 0.1%) at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 10 basis points for pledged bank deposits, fixed deposits with bank and bank balances (excluding bank balances carrying interest rate below 0.10%) and 50 basis points for variable-rate bank borrowings increase or decrease are used during the year for the Group when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher/lower for pledged bank deposits, fixed deposits with bank, and bank balances (excluding bank balances carrying interest rate below 0.1%), with all other variables held constant, the Group's post-tax profit for the years ended 31 December 2015 would increase/decrease by approximately US$311,000 (2014: US$316,000).

If interest rates had been 50 basis points higher/lower for variable-rate bank borrowings, with all other variables held constant, and taking into account of the capitalisation effect, the Group's post-tax profit for the years ended 31 December 2015 would decrease/increase by approximately US$5,388,000 (2014: US$2,818,000).

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37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(ii) Foreign currency risk management

The Group's exposure to currency risk attributable to the bank balances and payables which are denominated in the currencies other than the functional currency of the entity to which they related. The management manages and monitors this exposure to ensure approximate measures are implemented on a timely and effective manner.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the entity to which they related at the end of the reporting period are as follows:

	Liabilities		Assets	
	2015	2014	**2015**	2014
	US$'000	*US$'000*	***US$'000***	*US$'000*
HK$	**3,010**	35	**1,311**	213,868
RMB	**–**	–	**13,478**	40,783

Sensitivity analysis

The sensitivity analysis below has been determined based on a 10% increase/decrease in functional currency of respective entities against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in post-tax profit, where functional currency of respective foreign entities had weakened 10% against the relevant foreign currency. For a 10% strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

If currency rate of USD had been 10% weakened/strengthened to RMB for respective RMB denominated monetary assets and liabilities, the Group's post-tax profit for the year ended 31 December 2015 would be increase/decrease by approximately US$1,345,000 (2014: US$4,078,000).

For the exposure of HK$ against USD, there will be no significant impact as HK$ is pegged with USD. Accordingly, no foreign currency sensitivity analysis is presented.

(iii) Other price risk

The Group was exposed to other price risk in relation to its other financial asset, interest rate swaps and foreign currency forward contract. The directors of the Company considered the Group's exposure to other price risk on these derivatives other than other financial asset was insignificant. Accordingly, no other price risk sensitivity analysis is presented.

Notes to the Consolidated Financial Statements

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37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings, amounts due to immediate holding company and non-controlling shareholders and other payables and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2015								
Non-derivative financial liabilities								
Trade payables	–	88,294	1,484	–	–	–	89,778	89,778
Other payables and accruals	–	153,974	–	–	–	–	153,974	153,974
Amounts due to fellow subsidiaries	–	4,647	–	–	–	–	4,647	4,647
Amounts due to non-controlling shareholders	–	6,198	–	–	–	–	6,198	6,198
Advances from non-controlling shareholders	–	7,098	–	794	–	–	7,892	7,892
Loans from fellow subsidiaries	4.52	8,280	113,548	22,860	67,132	546,579	758,399	561,881
Loan from an intermediate holding company	4.50	1,125	3,375	4,500	13,500	121,690	144,190	100,000
Bank borrowings								
Fixed-rate	5	2,673	18,286	21,065	63,784	163,887	269,695	213,870
Variable-rate	4.22	15,565	149,127	181,664	467,071	886,399	1,699,826	1,436,760
Bond payables	4.18	8,374	10,973	14,630	355,085	–	389,062	354,103
		296,228	296,793	245,513	966,572	1,718,555	3,523,661	2,929,103

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2014								
Non-derivative financial liabilities								
Trade payables	–	157,007	–	–	–	–	157,007	157,007
Other payables and accruals	–	47,490	–	–	–	–	47,490	47,490
Amounts due to fellow subsidiaries	–	90	–	–	–	–	90	90
Amounts due to non-controlling Shareholders	–	7,470	–	–	–	–	7,470	7,470
Advances from non-controlling shareholders	–	7,533	–	–	–	791	8,324	8,324
Bank borrowings								
Fixed-rate	5.07	4,354	25,664	29,276	72,576	203,159	335,029	270,179
Variable-rate	3.78	16,527	191,843	60,102	205,925	388,989	863,386	765,669
Bond payables	4.18	8,375	10,973	14,630	369,714	–	403,692	353,726
		248,846	228,480	104,008	648,215	592,939	1,822,488	1,609,955

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest-rates determined at the end of the reporting period.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position. The Group's credit risk is primarily attributable to its trade receivables, amounts due from associates, fellow subsidiaries and non-controlling shareholders, pledged bank deposits, fixed deposits with bank and bank balances. For the trade receivable, the Group has been largely dependent on a few number of customers which are state-owned enterprises for a substantial portion of its business. Most of the power plants of the Group sell the electricity generated to their respective sole customer who is the principal grid company where the power plant is located. The failure of these customers to make required payments could have a substantial negative impact on the Group's profits. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts.

The Group has concentration of credit risk as 86% (2014: 95%) of the total trade receivables was due from state-owned enterprises as at 31 December 2015. The Group's remaining customers individually contribute to less than 10% of the total trade receivables of the Group.

The credit risk on pledged bank deposits, restricted bank deposits, fixed deposits with bank and bank balances are limited because the counterparties are reputable banks or a financial institution with high credit ratings assigned by international credit-rating agencies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value

The fair value of financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Group use their judgement in selecting an appropriate valuation technique for assessing the fair value of financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For other financial asset where quoted price is not available, its fair value is made of discounted cash flow analysis using the applicable yield curve for the duration of the instrument for non-optional derivative.

The directors of the Group consider that the carrying amounts of financial assets and financial liabilities carried at amortised costs approximate their fair values.

38. ACQUISITION OF SUBSIDIARIES

On 17 June 2015, a wholly-owned subsidiary of the Company, namely CGN New Energy Investment (Shenzhen) Company Limited, entered into a framework agreement with CGN Wind Energy Co., Ltd. and CGN Solar Energy Development Co., Ltd. (collectively referred to as the "**Vendors**") to acquire their equity interests in certain subsidiaries which are engaged in generation and supply of electricity through solar energy (the "Solar Energy Subsidiaries") and wind energy (the "Wind Energy Subsidiaries") (collectively, the "**Target Companies**") at a total consideration of approximately RMB3,965,500,000 (equivalent to US$640,200,000) (the "**Acquisition**"). All the conditions of the Acquisition were fulfilled and the completion of Acquisition took place on 1 September 2015.

Upon completion, the Group holds the equity interests in the following Target Companies, which became the subsidiaries of the Company:

Name of subsidiaries	Attributable equity interest at date of acquisition	Principal activities
Wind Energy Subsidiaries		
Anqiu Taipingshan Wind Power Company Limited 安丘太平山風電有限公司	100%	Generation and supply of electricity
CGN (Zhejiang Ninghai) Windy Power Company Limited 中廣核(浙江寧海)風力發電有限公司	100%	Generation and supply of electricity
CGN (Zhejiang Xiangshan) Wind Company Limited 中廣核(浙江象山)風力發電有限公司	100%	Generation and supply of electricity
CGN Gansu Guazhou Wind Power Company Limited 中廣核甘肅瓜州風力發電有限公司	100%	Generation and supply of electricity
CGN Gansu Guazhou (II) Wind Power Company Limited 中廣核甘肅瓜州第二風力發電有限公司	100%	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

Name of subsidiaries	Attributable equity interest at date of acquisition	Principal activities
CGN Gansu Minqin Wind Power Company Limited 中廣核甘肅民勤風力發電有限公司	100%	Generation and supply of electricity
CGN Gansu Minqin (II) Wind Power Company Limited 中廣核甘肅民勤第二風力發電有限公司	100%	Generation and supply of electricity
CGN Linqu Longgang Wind Power Company Limited 中廣核臨朐龍崗風力發電有限公司	100%	Generation and supply of electricity
CGN Linqu Wind Power Company Limited 中廣核(臨朐)風力發電有限公司	100%	Generation and supply of electricity
CGN Yishui Wind Power Company Limited 中廣核沂水風力發電有限公司	100%	Generation and supply of electricity
Guazhou Tianrun Wind Power Company Limited 瓜州天潤風電有限公司	60%	Generation and supply of electricity
Yishui Tangwangshan Wind Power Company Limited 沂水唐王山風電有限公司	100%	Generation and supply of electricity
Yishui Longshan Wind Power Company Limited 沂水龍山風力發電有限公司	100%	Generation and supply of electricity
Solar Energy Subsidiaries		
CGN Solar (Dachaidan) Development Company Limited 中廣核太陽能(大柴旦)開發有限公司	100%	Generation and supply of electricity
CGN Solar (Jiaxing) Company Limited 中廣核太陽能(嘉興)有限公司	100%	Generation and supply of electricity
CGN Solar (Shenzhen) Company Limited 中廣核太陽能(深圳)有限公司	100%	Generation and supply of electricity
CGN Solar Dunhuang Company Limited 中廣核太陽能敦煌有限公司	100%	Generation and supply of electricity
CGN Solar Jinta Company Limited 中廣核太陽能金塔有限公司	100%	Generation and supply of electricity
CGN Solar Wulan Company Limited 中廣核太陽能烏蘭有限公司	100%	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

Assets acquired and liabilities recognised at date of acquisition are as follows:

	Acquiree's carrying amount before combination	**Fair value adjustment**	**Fair value**
	US$'000	*US$'000*	*US$'000*
Property, plant and equipment *(note 15)*	1,177,163	36,734	1,213,897
Prepaid lease payments *(note 16)*	13,350	34,486	47,836
Deposits paid for acquisition of property, plant and equipment	6,848	–	6,848
Deferred tax assets	34,622	(6,934)	27,688
Other assets	401	–	401
Inventories	607	–	607
Trade receivables	76,083	–	76,083
Other receivables and prepayments	146,448	–	146,448
Amounts due from fellow subsidiaries	182	–	182
Bank balances and cash	112,894	–	112,894
Trade payables	(12,915)	–	(12,915)
Other payables and accruals	(119,234)	–	(119,234)
Bank borrowings	(882,600)	–	(882,600)
Loan from a fellow subsidiary	(108,446)	–	(108,446)
Amount due to ultimate holding company	(103)	–	(103)
Amounts due to fellow subsidiaries	(12,607)	–	(12,607)
Tax payables	(122)	–	(122)
Deferred tax liabilities	–	(10,871)	(10,871)
Government grants *(note 33)*	(19,118)	–	(19,118)
	413,453	53,415	466,868
Non-controlling interest arising from Acquisition	4,791	–	4,791
Net assets acquired			462,077
Goodwill *(note 17)*			178,123
			640,200
Satisfied by:			
Cash paid			640,200
Less: bank balances and cash acquired			112,894
Net cash flow from acquisition of subsidiaries			527,306

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

As the Group is positioned as CGN's sole global platform for development and operation of non-nuclear clean and renewable power generation projects, the Group intends to selectively acquire clean and renewable power generation projects with solid returns from CGN. The directors of the Company consider that the acquisition is in line with the Group's strategy and the Group can enjoy the stable returns as well as expanding its market share of the solar and wind power plant industry in the PRC through the Acquisition.

The following pro forma financial information of the Group is prepared by the directors to illustrate the financial effect of the Group as if the acquisition of Target Companies had been completed on 1 January 2015.

Had the acquisition been completed on 1 January 2015, total group revenue for the year would have been US$1,268,249,000 and profit for the year would have been US$160,547,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor it is intended to be a projection of future results.

Notes to the Consolidated Financial Statements

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39. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

During the year ended 31 December 2014, the Group underwent a group restructuring, that the Group transferred 100% equity interests in certain of its wholly-owned subsidiaries together with the net balances of amounts due from certain wholly-owned subsidiaries and certain subsidiaries of these wholly-owned subsidiaries to the Company, to CGNPC Huamei Investment Limited with all rights and obligations transferred with effect from 1 July 2014 (collectively referred to as the "**Disposal Group**"), by way of (i) a distribution in kind from the Company as a distribution from the contributed surplus and accumulated profits of the Company (the "**Distribution in Kind**"); (ii) the novation of the obligations of the Company under a facility agreement of which an outstanding loan from an intermediate holding company, CGNPC International with an outstanding principal amount of US$242,300,000 due from the Company (the "**Set off of Loan**"); and (iii) the declaration of a special dividend in an amount of US$3,347,000 to its immediate holding company.

The details of the Disposal Group are as follows:

Name of subsidiaries	Attributable equity interest held by the Group 30 June 2014	Principal activities
China U.S. Power Partners I (BVI), Limited	100%	Investment holding
China U.S. Power Partners I, Limited	100%	Investment holding
Diqing Rongshun Maopohe Power Generation Company Limited 迪慶榮順毛坡河發電有限責任公司	55%	Generation and supply of electricity (under construction)
Fugong Fengyuan Hydropower Development Co., Ltd. 福貢豐源水電發展有限公司	51%	Generation and supply of electricity (under construction)
Gongshan Lanxi Hydropower Development Co., Ltd. 貢山縣藍溪水電開發有限責任公司	51%	Generation and supply of electricity (under construction)
Huamei Holding Company Limited	100%	Investment holding
Meiya Haian Cogen Power Limited	100%	Inactive
Meiya Huangshi Power Ltd (in the process of liquidation)	100%	Dissolved on 11 February 2015
Meiya Incheon Power Company Limited	100%	Inactive
Meiya Jinqiao Power Ltd.	100%	Dissolved on 11 February 2015
Meiya Power (HD) Limited	100%	Inactive
Meiya Power Investment Company Limited	100%	Investment holding
Meiya Power (Maopohe) Limited	100%	Investment holding
Meiya Power (MPH) Limited	100%	Investment holding
Meiya Power Project (BVI) II Limited	100%	Investment holding
Meiya Power Suzhou (BVI) Limited	100%	Investment holding
Meiya Power Xiwu Limited	100%	Investment holding
Meiya Project Development (BVI) Company Limited	100%	Investment holding
Meiya Project Development Company Limited	100%	Investment holding
Meiya Qujing Power Company Limited	100%	Investment holding
Meiya Sanjiang Hydropower (BVI) Limited	100%	Investment holding
Meiya Shanghai BFG Company (in the process of liquidation)	100%	Investment holding
Meiya Tongzhou Cogen Power (BVI) Limited	100%	Investment holding
Meiya Tongzhou Cogen Power Ltd.	100%	Investment holding
Meiya Weixi Power (Hong Kong) Limited	100%	Investment holding
Meiya Xiangtou Power Company Limited	100%	Investment holding
Meiya Xiangyun (BVI) Limited	100%	Investment holding
Meiya Xiangyun Development Limited	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

39. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE *(Continued)*

Name of subsidiaries	Attributable equity interest held by the Group 30 June 2014	Principal activities
Shangri-La Tangmanhe Hydropower Development Co., Ltd. 香格里拉縣湯滿河水電開發有限責任公司	51%	Generation and supply of electricity (under construction)
Tongzhou Meiya Cogeneration Co., Ltd. 通州美亞熱電有限公司	80%	Generation and supply of electricity and steam
Weixi Meiya Hengfa Hydropower Company Limited 維西縣美亞恒發水電有限公司	80%	Generation and supply of electricity (under construction)
Weixi Meiya Yongfa Hydropower Company Limited 維西縣美亞永發水電有限公司	80%	Generation and supply of electricity (under construction)
Yunnan Meiya Minrui Power Investment Co., Ltd. 雲南美亞民瑞電力投資有限公司	51%	Investment holding
CanAm Energy China Holdings, LLC	100%	Liquidated on 31 December 2015
China U.S. Power Partners I, Ltd.	100%	Dissolved on 11 February 2015
Global Green Energy HK Limited 丹麥環球綠色能源有限公司	100%	Investment holding
Meiya Project Development (Hong Kong) Company Limited 美亞發展有限公司	100%	Inactive
Meiya Sanjiang Hydropower (Hong Kong) Limited	100%	Inactive
Meiya Tongzhou Cogen Power Limited	100%	Inactive
Meiya Power (Suzhou) Limited	100%	Investment holding
Suzhou Zhenmei Trading Co., Ltd. 蘇州臻美貿易有限公司	100%	Trading of coal
Xi Wu Zhu Mu Qin Qi International Renewable Energy Wind Power Co., Ltd. 西烏珠穆沁旗國際新能源風電有限責任公司	91%	Generation and supply of electricity
Name of joint venture		
Hunan Xiangtou International Investment Company Limited 湖南湘投國際投資有限公司	50%	Investment holding and management of power generation plants
Name of associates		
Jingyuan	30.73%	Generation and supply of electricity
Dongyuan Qujing	37%	Generation and supply of electricity
IBPGL	26%	Generation and supply of electricity
Diana Energy Limited	26%	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

39. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE *(Continued)*

Calculation of the impact of the restructuring on the group level:

	US$'000
Total consideration satisfied by:	
Set off of Loan and dividend payable *(Note a)*	161,910
Net assets disposed of:	
Property, plant and equipment *(note 15)*	(246,144)
Prepaid lease payments *(note 16)*	(2,304)
Interest in a joint venture	(467,890)
Interests in associates *(note 18)*	(92,342)
Other assets	(2,262)
Inventories	(684)
Trade receivables	(1,804)
Other receivables and prepayments	(3,070)
Amounts due from associates	(3,595)
Amounts due from fellow subsidiaries	(370)
Tax recoverable	(449)
Trade payables	1,239
Other payables and accruals	10,182
Amounts due to fellow subsidiaries	225,498
Amounts due to non-controlling shareholders	21,073
Bank borrowings	97,830
Advances from non-controlling shareholders	3,797
Tax payable	165
Bank balances and cash	(28,269)
Loan from fellow subsidiaries	6,421
Deferred tax liabilities *(note 20)*	15,500
	(467,478)
Non-controlling interests	51,820
	253,748
Impact recognised on the group level:	
Deemed distribution recognised in equity *(note a)*	(210,542)
Distribution in kind recognised in equity *(note b)*	(43,206)
Total consideration less net assets and non-controlling interests disposed of	(253,748)
Cumulative exchange gain in respect of the net assets of Disposal Group recognised as gain on disposal of subsidiaries, associates and a joint venture	96,343

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

39. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE *(Continued)*

Net cash inflow arising from the disposal:

	US$'000
Cash consideration received	–
Bank balances and cash disposed of	(28,269)
	(28,269)

Notes:

a. The amount represented the consideration to dispose of the entire equity interests in Meiya Xiangtou in the Disposal Group together with the amount due from Meiya Xiangtou of US$83,737,000 at total aggregate amount of US$245,647,000 (the "**Xiangtou Disposal**"). This consideration was satisfied by offsetting against the loan from CGNPC International with an outstanding principal amount of US$242,300,000 and the dividend in the amount of US$3,347,000 *(Note 12)* payable to CGNPC Huamei. The loss at group level of US$210,542,000 in relation to the Xiangtou Disposal was treated as deemed distribution and recognized in equity.

b. The Group distributed of the Disposal Group excluding Xiangtou Disposal to CGNPC Huamei by way of a Distribution in Kind amounting to US$184,860,000 which included net asset values of Disposal Group excluding Xiangtou Disposal of US$43,206,000 and the net balance of US$141,654,000 due from Disposal Group excluding Xiangtou Disposal were treated as a Distribution in Kind recognized in equity.

The directors of the Company has prepared the results and cash flows of the Disposal Group and the remaining group which is defined as the Group excluding the Disposal Group (the "**Remaining Group**") for the year ended 31 December 2014 as additional information on a combined basis before elimination of transactions and balances between the Disposal Group and Remaining Group.

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39. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE *(Continued)*

Financial performance

	Remaining Group US$'000	Disposal Group up to 30 June 2014 US$'000	Intergroup Elimination US$'000	The Group US$'000
For the year ended 31 December 2014				
Revenue	1,370,337	9,215	–	1,379,552
Operating expenses:				
Coal, oil and gas	990,422	6,207	–	996,629
Depreciation of property, plant and equipment	93,377	1,375	–	94,752
Repair and maintenance	23,310	215	–	23,525
Staff costs	59,210	1,184	–	60,394
Others	54,082	269	–	54,351
Total operating expenses	1,220,401	9,250	–	1,229,651
Operating profit (loss)	149,936	(35)	–	149,901
Other income	12,851	245	–	13,096
Other gains and losses	1,713	–	–	1,713
Finance costs	(63,081)	(193)	–	(63,274)
Share of results of associates	40,850	1,722	–	42,572
Share of results of a joint venture	–	21,016	–	21,016
Gain on disposal of subsidiaries, associate and a joint venture	–	96,343	–	96,343
Initial public offering expenses	(4,087)	–	–	(4,087)
Profit before tax	138,182	119,098	–	257,280
Income tax expense	(37,290)	(2,278)	–	(39,568)
Profit for the year	100,892	116,820	–	217,712
Profit for the year attributable to:				
Owner of the Company	85,131	117,072	–	202,203
Non-controlling interests	15,761	(252)	–	15,509
	100,892	116,820	–	217,712
Earnings per share, basic *(US cent) (note)*	2.51	3.46	–	5.97

Note: The earnings per share presented here is for illustrative purpose only.

It is calculated based on weighted average number of shares of 3,101,800,000 *(Note 13)*.

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For the year ended 31 December 2015

39. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE *(Continued)*

Financial performance *(Continued)*

For the year ended 31 December 2014 *(Continued)*

	Remaining Group US$'000	Disposal Group up to 30 June 2014 US$'000	Intergroup Elimination US$'000	The Group US$'000
Other information				
Revenue from major products and services				
Sales of electricity	1,146,597	3,526	–	1,150,123
Sales of steam	79,935	5,689	–	85,624
Capacity charges	134,505	–	–	134,505
Connection charges and others	325	–	–	325
Consultancy fee income	8,975	–	–	8,975
	1,370,337	9,215	–	1,379,552
Other income				
Government grant	835	–	–	835
Income on sales of scrap materials	2,932	214	–	3,146
Value added tax refund	3,245	–	–	3,245
Interest income	3,518	2	–	3,520
Equipment rental income	955	–	–	955
Others	1,366	29	–	1,395
	12,851	245	–	13,096
Finance costs				
Interest on bank and other borrowings	(69,457)	(2,792)	–	(72,249)
Less: amounts capitalised	6,376	2,599	–	8,975
	(63,081)	(193)	–	(63,274)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

39. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE *(Continued)*

Financial performance *(Continued)*

For the year ended 31 December 2014

	Remaining Group *US$'000*	Disposal Group *US$'000*	Intergroup Elimination *US$'000*	The Group *US$'000*
Net cash from (used in) operating activities	207,073	(1,098)	–	205,975
Net cash used in investing activities	(252,384)	(24,458)	(28,269)	(305,111)
Net cash from financing activities	174,342	12,874	–	187,216
Net increase (decrease) in cash and cash equivalents	129,031	(12,682)	(28,269)	88,080
Cash and cash equivalents at beginning of year	167,629	41,079	–	208,708
Effect of foreign exchange rate changes	(699)	(128)	–	(827)
Cash and cash equivalents at end of year/period	295,961	28,269	(28,269)	295,961

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40. DISPOSAL ENTITY CLASSIFIED AS HELD-FOR-SALE

On 3 December 2014, the Group released a public tender in relation to the disposal of Sichuan Hexie Electric Power Co., Ltd. ("Hexie"), an indirect wholly-owned subsidiary of the Company on the China Beijing Equity Exchange, in accordance with the relevant laws and regulations of the PRC governing the equity transfer of state-owned assets and enterprises (the "**Public Tender**"). Hexie is engaged in the generation and supply of electricity. The assets and liabilities attributable to Hexie, which as at 31 December 2014 were expected to be sold within twelve months have been classified as disposal entity held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2014 (see below). The estimated fair value of the assets included in the disposal entity held-for-sale are higher than the carrying amount of the relevant assets and accordingly, no impairment loss has been recognised. The severance payments were paid to employees of Hexie during the year ended 31 December 2014 due to the closure of operation, amounting to US$1,074,000.

However, no successful tender was reached in the first public tender. Although the Group released a secord public tender in relation to the disposal of Hexie on the China Beijing Equity Exchange on 4 May 2015, the directors of the Company considers that the disposal might not be completed within twelve months, such that Hexie should not be classified as disposal entity held-for-sale at 31 December 2015. Thus, the assets and liabilities of Hexie have been reclassified into each respective item of the consolidated statement of financial position. The Group engaged an independent valuer to assess the fair value of the assets of Hexie as at 31 August 2015. The directors of the Company consider that there was no material change of the fair value of the assets of Hexie from 31 August to 31 December 2015, and therefore, no impairment loss in respect of the assets of Hexie has been recognised as the fair value of the assets is higher than the respective carrying amounts.

The major classes of assets and liabilities of Hexie as at 31 December 2014 have been presented under disposal entity classified as held-for-sale and liabilities associated with disposal entity classified as held-for-sale in the consolidated statement of financial position and are set out below.

	2014 *US$'000*
Bank balances and cash	11,288
Inventories	439
Prepaid lease payments *(note a)*	315
Trade receivables	65
Other receivables and prepayments	449
Property, plant and equipment	8,511
Amount due from CGN Finance	96
Disposal entity classified as held-for-sale	21,163
Trade payables	1
Other payables and accruals	4
Deferred tax liabilities	816
Liabilities associated with disposal entity classified as held-for-sale	821

Note:

(a) The amount represents the prepaid land use rights and is released to profit or loss on a straight-line basis, over 20 years which is equal to the original period stated in the land use rights certificates granted for usage to Hexie.

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For the year ended 31 December 2015

41. COMMITMENTS

(a) Operating commitments

The Group as lessee

	2015 *US$'000*	2014 *US$'000*
Minimum lease payments under operating leases during the year in respect of premises	**2,485**	4,257

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	2015 *US$'000*	2014 *US$'000*
Within one year	**2,449**	3,272
In the second to fifth year inclusive	**1,480**	2,152
Over five years	**1,400**	2,527
	5,329	7,951

Operating lease payments represent rentals payable by the Group for certain of its premises. Leases are negotiated and rentals are fixed for two to ten years.

In accordance with the power purchase agreement ("**PPA**") entered into between MPC Korea Holdings Co., Ltd. ("**MPC Korea**") and KEPCO in 1996 (the PPA was subsequently transferred from MPC Korea to MPC Yulchon Generation Company Limited ("**MPC Yulchon**") upon the restructuring of the Group's operations in South Korea in July 2009), MPC Korea was required to construct electricity transmission facilities for connection of MPC Korea's power plant ("**Yulchon Plant**") to the power grid of KEPCO and MPC Korea was obligated under the PPA to sell such facilities to KEPCO within six months of commencing operation of Yulchon Plant. MPC Korea constructed electricity transmission facilities with a net book value of approximately US$2,862,000, which was subsequently disposed of to KEPCO in 2005 for an amount approximate to US$1,365,000, resulting in a loss on disposal of approximately KRW1,707 million (equivalent to approximately US$1,497,000) in 2005. The sales proceeds had been fully settled as of 31 December 2008.

In connection with such disposition of the electricity transmission facilities to KEPCO in 2005, MPC Korea has a right of use of the facilities for 20 years, which is the term of the PPA. Accordingly, it is considered as a sale and leaseback transaction and results in an operating lease. The difference between the net book value of the facilities and the related proceeds of approximately US$1,497,000 was considered as future lease payments and was recorded as long-term prepaid expenses. The carrying value of the long-term prepaid expenses as at 31 December 2015 is approximately KRW814 million (equivalent to approximately US$696,000) (2014: KRW745 million (equivalent to approximately US$680,000)) *(Note 21)*. These long-term prepaid expenses are to be amortised over the term of the PPA.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

41. COMMITMENTS *(Continued)*

(a) Operating commitments *(Continued)*

The Group as lessor

Certain of the Group's equipment is held for rental purpose under operating lease since 2007 with a carrying amount of approximately US$1,189,000 (2014: US$1,403,000) as at 31 December 2015, and expected to generate rental yield of 7% on an ongoing basis.

Further, the Group has signed long-term electricity supply contracts with power purchasers since 2005 which, among other matters, require the Group to make some of its generation capacity available for a fixed capacity charge for 20 years.

At the end of each reporting period, the Group had contracted with lessees for future minimum lease payments in respect of leasing of equipment and power purchasers for capacity charge payments as follows:

	2015	2014
	US$'000	*US$'000*
Leasing of equipment		
Within one year	**156**	163
In the second to fifth year inclusive	**13**	201
	169	364
Leasing of generation capacity		
Within one year	**39,549**	42,221
In the second to fifth year inclusive	**158,197**	168,888
After five years	**177,971**	232,220
	375,717	443,329

(b) Capital commitments

	2015	2014
	US$'000	*US$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**13,262**	11,758

(c) Acquisition of Xinjiang Project

On 22 December 2011, the Company entered into a joint development agreement (the "**Joint Development Agreement**") with an independent third party being the vendor (the "**Vendor**") and an individual who is a director of the target company (the "**Target Company**") (collectively, the "**Parties**"), upon the satisfaction of certain conditions, to acquire 100% equity interest of the Target Company at a consideration of RMB10 million (the "**Proposed Acquisition**").

The Target Company, through its 93% shareholding in the project company (the "**Project Company**"), owns the right to develop a wind farm project in the north eastern part of Xinjiang Autonomous Region of the PRC (the "**Xinjiang Project**"). The other 7% interest in the Project Company is owned by an independent third party.

At 31 December 2015, the Proposed Acquisition is still subject to final negotiation between the Parties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

42. RELATED PARTY DISCLOSURES

The Company is ultimately controlled by CGN, which is a state-owned enterprise under the direct supervision of the State Council of the PRC.

Apart from details of the balances with related parties disclosed in the statements of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group also entered into the following significant transactions with related parties during the year:

Name of related company	*Note*	**Nature of transactions**	**2015** **US$'000**	2014 US$'000
Hubei Xisaishan Power Generation Co. Ltd.	*(i)*	Management service fee income	**546**	56
CGN Finance	*(ii)*	Interest expense	**1,897**	237
		Interest income	**978**	688
		Financial advisory expense	**–**	38
中廣核中煤能源哈密煤電項目籌建處 ("**CGN Hami Coal Project Preparatory Office**")	*(iii)*	Management service fee income	**399**	391
CGN Energy Development Ltd ("**CGN Energy**") and its subsidiaries	*(ii)*	Income from transfer of energy generation quota	**123**	187
		Management service fee income	**8,376**	5,139
CGNPC Huasheng	*(ii)*	Interest income	**619**	92
		Interest expense	**214**	–
Huamei Holding Company Limited ("**Huamei Holding**") and its subsidiaries	*(ii)*	Management service fee income	**8,763**	3,445
中廣核中電能源服務(深圳)有限公司	*(ii)*	Consultancy service expense	**252**	85
CGNPC International Limited	*(iv)*	Interest expense	**2,375**	2,817
China Clean Energy Development Limited ("**China Clean**")	*(ii)*	Interest expense	**3,094**	–
CGN Wind Energy Co., Ltd.	*(ii)*	Management service fee income	**2,139**	–
CGN Solar Energy Development Co., Ltd.	*(ii)*	Management service fee income	**234**	–

Notes:

(i) Hubei Xisaishan Power Generation Co. Ltd. is an associate of the Group.

(ii) CGN Finance, CGN Energy and its subsidiaries, 中廣核中電能源服務(深圳)有限公司, CGNPC Huasheng and Huamei Holding and its subsidiaries, China Clean, CGN Wind Energy Co., Ltd. and CGN Solar Energy Development Co., Ltd. are fellow subsidiaries of the Company.

(iii) CGN Hami Coal Project Preparatory Office is a temporary office established by CGN and is responsible for the project development relating to a coal power project, which is located in Hami City, Xinjiang Uyghur Autonomous Region, the PRC. CGN proposes to hold, through CGN Energy, 70% interest in such coal power project.

(iv) CGNPC International Limited is an intermediate holding company of the Company.

The Group has entered into various transactions including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. A majority of the bank deposits and 59% (2014: 16%) of borrowings of the Group are with the PRC government-related entities as at 31 December 2015.

Also, the Group's transactions with other PRC government-related entities include sales of electricity to local power bureau and a state-owned entity. About 21% (2014: 16%) of its sales of electricity and capacity charges are to the PRC government-related entities for the year ended 31 December 2015.

Certain directors have also been employed by CGN and its subsidiaries and the payments of their emoluments were borne by CGN and its subsidiaries for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2015	2014
	US$'000	*US$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**738**	934
Investments in subsidiaries *(Note (a))*	**1,135,347**	459,520
	1,136,085	460,454
CURRENT ASSETS		
Other receivables and prepayments	**858**	1,616
Amount due from a fellow subsidiary	**2,925**	1,468
Fixed deposits with bank	**–**	36,098
Bank balances and cash	**127,654**	280,265
	131,437	319,447
CURRENT LIABILITIES		
Other payables and accruals	**8,439**	9,573
Amount due to a fellow subsidiary	**3,094**	–
Amounts due to subsidiaries	**28,892**	26,369
Bank borrowings – due within one year	**–**	140,000
Bond payables – due within one year	**4,717**	4,718
	45,142	180,660
NET CURRENT ASSETS	**86,295**	138,787
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,222,380**	599,241
NON-CURRENT LIABILITIES		
Loan from an intermediate holding company	**100,000**	–
Loan from a fellow subsidiary	**450,000**	–
Bond payables – due after one year	**349,386**	349,008
	899,386	349,008
NET ASSETS	**322,994**	250,233
CAPITAL AND RESERVES		
Share capital	**55**	55
Reserves *(Note (b))*	**322,939**	250,178
TOTAL EQUITY	**322,994**	250,233

Chen Sui	**Lin Jian**
DIRECTOR	*DIRECTOR*

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

a. INVESTMENTS IN SUBSIDIARIES

Details of the Company's principal operating subsidiaries at 31 December 2015 and 2014 are as follows:

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2015	2014	
Indirect							
CGN Meineng Corporate Management (Shenzhen) Ltd.	The People's Republic of China (the "**PRC**")	6 December 2013	Foreign investment enterprise with limited liability	Registered capital of RMB10,000,000 and paid-up capital of RMB10,000,000	**100%**	100%	Corporate management advisory
Guangxi Rongjiang Meiya Company Limited* 廣西融江美亞有限公司	The PRC	15 September 1999	Sino-foreign equity joint venture	Registered capital of RMB48,000,000 and paid-up capital of RMB48,000,000	**55%**	55%	Investment in dam and other associated facilities
Guangxi Rongjiang Meiya Hydropower Company Limited* 廣西融江美亞水電有限公司	The PRC	15 September 1999	Sino-foreign equity joint venture	Registered capital of RMB72,000,000 and paid-up capital of RMB72,000,000	**80%**	80%	Generation and supply of electricity
Guangxi Rongyuan Hydropower Company Limited* 廣西融源水電有限公司	The PRC	4 January 2011	Foreign investment enterprise with limited liability	Registered capital of RMB38,000,000 and paid-up capital of RMB38,000,000	**100%**	100%	Generation and supply of electricity
Guangxi Zuojiang Meiya Hydropower Company Limited 廣西左江美亞水電有限公司	The PRC	8 October 1998	Sino-foreign equity joint venture	Registered capital of RMB345,596,455 and paid-up capital of RMB345,596,455	**60%**	60%	Generation and supply of electricity
Haian Meiya Cogeneration Co., Ltd. 海安美亞熱電有限公司	The PRC	20 December 2002	Foreign investment enterprise with limited liability	Registered capital of US$11,920,000 and paid-up capital of US$11,920,000	**100%**	100%	Generation and supply of steam, electricity and other related products
Mianyang Sanjiang Meiya Hydropower Company Limited* 綿陽三江美亞水電有限公司	The PRC	25 October 2002	Sino-foreign cooperative joint venture	Registered capital of RMB100,000,000 and paid-up capital of RMB100,000,000	**75%**	75%	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

a. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group 2015	2014	Principal activities
Indirect *(Continued)*							
MPC Daesan Power Co., Ltd. (name changed to CGN Daesan Power Co., Ltd. with effect from 10 March 2016)	Republic of Korea	8 April 2009	Joint stock company	Issued capital of KRW3,430,000,000 and paid-up capital of KRW3,430,000,000	**100%**	100%	Generation and supply of electricity from an oil-fired combined cycle power plant
MPC Korea Holdings Co., Ltd. (name changed to CGN Korea Holdings Co., Ltd. with effect from 10 March 2016)	Republic of Korea	22 November 1996	Joint stock company	Issued capital of KRW37,311,150,000 and paid-up capital of KRW37,311,150,000	**100%**	100%	Investment holding
MPC Yulchon Generation Co., Ltd. (name changed to CGN Yulchon Generation Co., Ltd. with effect from 10 March 2016)	Republic of Korea	28 July 2009	Joint stock company	Issued capital of KRW18,044,400,000 and paid-up capital of KRW18,044,400,000	**100%**	100%	Generation and supply of electricity from a gas-fired combined cycle power plant
Nantong Meiya Co-generation Co., Ltd. 南通美亞熱電有限公司	The PRC	13 March 1997	Foreign investment enterprise with limited liability	Registered capital of US$16,800,000 and paid-up capital of US$16,800,000	**100%**	100%	Generation and supply of electricity and steam and other related products
Nanyang General Light Electric Co., Ltd. 南陽普光電力有限公司	The PRC	1 January 1997	Sino-foreign cooperative joint venture	Registered capital of RMB476,667,000 and paid-up capital of RMB476,667,000	**59.5%**	59.5%	Generation and supply of electricity and other related services
Shanghai Meiya Jinqiao Energy Co., Ltd. 上海美亞金橋能源有限公司	The PRC	14 July 1995	Sino-foreign equity joint venture	Registered capital of RMB98,000,000 and paid-up capital of RMB98,000,000	**60%**	60%	Generation and supply of steam
Shanghai Wei Gang Energy Co., Ltd. 上海威鋼能源有限公司	The PRC	21 January 1998	Sino-foreign cooperative joint venture	Registered capital of US$29,800,000 and paid-up capital of US$29,800,000	**65%**	65%	Generation and supply of electricity
Sichuan Hexie Electric Power Co., Ltd. ("**Hexie**") 四川和協電力有限公司	The PRC	25 February 1998	Foreign investment enterprise with limited liability	Registered capital of RMB100,000,000 and paid-up capital of RMB100,000,000	**100%**	100%	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

a. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2015	2014	
Indirect *(Continued)*							
Wuhan Han-Neng Power Development Co., Ltd. 武漢漢能電力發展有限公司	The PRC	11 October 1995	Sino-foreign equity joint venture	Registered capital of RMB100,000,000 and paid-up capital of RMB100,000,000	**60%**	60%	Generation and supply of electricity
Yaneng Consulting (Shanghai) Co., Ltd.* 亞能咨詢(上海)有限公司	The PRC	18 January 2000	Foreign investment enterprise with limited liability	Registered capital of US$500,000 and paid-up capital of US$500,000	**100%**	100%	Provision of consulting services and market research
中廣核太陽能(德州)有限公司	The PRC	29 December 2014	Foreign investment enterprise with limited liability	Registered capital of US$6,000,000 and paid-up capital of nil	**100%**	100%	Inactive
CGN New Energy Investments (Shenzhen) Co., Ltd* 中廣核新能源投資（深圳）有限公司	The PRC	20 May 2015	Foreign investment enterprise with limited liability	Registered capital of US$640,000,000 and paid-up capital of US$640,000,000	**100%**	–	Investment holding
CGN (Zhejiang Xiangshan) Wind Power Co., Ltd* 中廣核（浙江象山）風力發電有限公司	The PRC	11 July 2011	Foreign investment enterprise with limited liability	Registered capital of RMB134,610 and paid-up capital RMB134,610	**100%**	–	Generation and supply of electricity
CGN (Zhejiang Ninghai) Wind Power Co., Ltd.* 中廣核 (浙江寧海) 風力發電有限公司	The PRC	19 December 2013	Foreign investment enterprise with limited liability	Registered capital of RMB79,600 and paid-up capital RMB79,600	**100%**	–	Generation and supply of electricity
Anqiu Taipingshan Wind Power Co., Ltd* 安丘太平山風電有限公司	The PRC	10 December 2008	Foreign investment enterprise with limited liability	Registered capital of RMB187,900 and paid-up capital RMB187,900	**100%**	–	Generation and supply of electricity
Yishui Tangwangshan Wind Power Co., Ltd* 沂水唐王山風力發電有限公司	The PRC	23 November 2009	Foreign investment enterprise with limited liability	Registered capital of RMB71,375 and paid-up capital RMB71,375	**100%**	–	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

a. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group 2015	Attributable equity interest held by the Group 2014	Principal activities
Indirect *(Continued)*							
CGN Linqu Wind Power Company Limited Co., Ltd* 中廣核(臨朐)風力發電有限公司	The PRC	29 December 2009	Foreign investment enterprise with limited liability	Registered capital of RMB75,040 and paid-up capital RMB75,040	**100%**	–	Generation and supply of electricity
CGN Linqu Longgang Wind Power Co., Ltd* 中廣核臨朐龍崗風力發電有限公司	The PRC	28 June 2013	Foreign investment enterprise with limited liability	Registered capital of RMB77,074 and paid-up capital RMB77,074	**100%**	–	Generation and supply of electricity
CGN Yishui Wind Power Co., Ltd* 中廣核沂水風力發電有限公司	The PRC	2 April 2011	Foreign investment enterprise with limited liability	Registered capital of RMB91,125 and paid-up capital RMB91,125	**100%**	–	Generation and supply of electricity
Yishui Longshan Wind Power Co., Ltd* 沂水龍山風力發電有限公司	The PRC	13 August 2013	Foreign investment enterprise with limited liability	Registered capital of RMB88,546 and paid-up capital RMB88,546	**100%**	–	Generation and supply of electricity
CGN Gansu Minqin Wind Power Co., Ltd* 中廣核甘肅民勤風力發電有限公司	The PRC	4 March 2011	Foreign investment enterprise with limited liability	Registered capital of RMB162,200 and paid-up capital RMB162,200	**100%**	–	Generation and supply of electricity
CGN Gansu Minqin (II) Wind Power Co., Ltd* 中廣核甘肅民勤第二風力發電有限公司	The PRC	24 October 2013	Foreign investment enterprise with limited liability	Registered capital of RMB549,760 and paid-up capital RMB549,760	**100%**	–	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

a. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2015	2014	
Indirect *(Continued)*							
CGN Gansu Guazhou Wind Power Co., Ltd* 中廣核甘肅瓜州風力發電有限公司	The PRC	18 November 2011	Foreign investment enterprise with limited liability	Registered capital of RMB165,480 and paid-up capital RMB165,480	100%	–	Generation and supply of electricity
CGN Gansu Guazhou (II) Wind Power Co., Ltd* 中廣核甘肅瓜州第二風力發電有限公司	The PRC	15 November 2013	Foreign investment enterprise with limited liability	Registered capital of RMB287,000 and paid-up capital RMB287,000	100%	–	Generation and supply of electricity
Guazhou Tianrun Wind Power Co., Ltd* 瓜州天潤風電有限公司	The PRC	6 March 2009	Foreign investment enterprise with limited liability	Registered capital of RMB98,100 and paid-up capital RMB98,100	60%	–	Generation and supply of electricity
CGN Solar Dunhuang Co., Ltd* 中廣核太陽能敦煌有限公司	The PRC	8 September 2011	Foreign investment enterprise with limited liability	Registered capital of RMB97,970 and paid-up capital RMB97,970	100%	–	Generation and supply of electricity
CGN Solar Jinta Co., Ltd* 中廣核太陽能金塔有限公司	The PRC	6 December 2011	Foreign investment enterprise with limited liability	Registered capital of RMB36,360 and paid-up capital RMB36,360	100%	–	Generation and supply of electricity
CGN Solar (Dachaidan) Development Co., Ltd* 中廣核太陽能 (大柴旦) 開發有限公司	The PRC	15 January 2010	Foreign investment enterprise with limited liability	Registered capital of RMB492,931 and paid-up capital RMB492,931	100%	–	Generation and supply of electricity
CGN Solar Wulan Co., Ltd* 中廣核太陽能烏蘭有限公司	The PRC	29 August 2012	Foreign investment enterprise with limited liability	Registered capital of RMB100,000 and paid-up capital RMB100,000	100%	–	Generation and supply of electricity
CGN Solar (Jiaxing) * 中廣核太陽能 (嘉興) 有限公司	The PRC	9 July 2013	Foreign investment enterprise with limited liability	Registered capital of RMB30,500 and paid-up capital RMB30,500	100%	–	Generation and supply of electricity
CGN Solar (Shenzhen) Co., Ltd* 中廣核太陽能 (深圳) 有限公司	The PRC	17 August 2011	Foreign investment enterprise with limited liability	Registered capital of RMB43,400 and paid-up capital RMB43,400	100%	–	Generation and supply of electricity

* *English names are for identification purpose only.*

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

b. RESERVE

	Share premium US$'000	Contributed surplus US$'000 (Note a)	Share based payment reserve US$'000	Accumulated profits (loss) US$'000	Total equity US$'000
At 1 January 2014	–	141,466	–	11,849	153,315
Loss for the year and total comprehensive expense	–	–	–	(6,222)	(6,222)
Issuance of shares	262,185	–	–	–	262,185
Issue costs of new shares	(11,779)	–	–	–	(11,779)
Distribution in kind *(note b)*	–	(141,466)	–	(2,508)	(143,974)
Special dividend	–	–	–	(3,347)	(3,347)
At 31 December 2014	250,406	–	–	(228)	250,178
Profit for the year and total comprehensive expense	**–**	**–**	**–**	**72,683**	**72,683**
Effects of share options *(Note 34)*	**–**	**–**	**78**	**–**	**78**
At 31 December 2015	**250,406**	**–**	**78**	**72,455**	**322,939**

Notes:

a. The contributed surplus of the Company represents cash contributions to the Company made by the shareholder other than for subscription of shares, net of dividends declared. In addition to accumulated profits, the contributed surplus of the Company is also available for distribution to shareholder under the Companies Act 1981 of Bermuda, However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

b. The Company distributed the Disposal Group excluding Xiangtou Disposal to CGNPC Huamei by way of a Distribution in Kind amounting to US$143,974,000 which includes investment cost of Disposal Group excluding Xiangtou Disposal of US$2,320,000 and the net balance of US$141,654,000 due from Disposal Group excluding Xiangtou Disposal are treated as a Company level Distribution in Kind and recognized in equity.

44. COMPARATIVE INFORMATION

Certain comparative information has been re-presented to conform to current year presentation.

Five-Year Financial Summary

	2015 US$'000	2014 US$'000	2013 US$'000	2012 US$'000	2011 US$'000
Consolidated statement of profit or loss **For the Remaining Group**					
Revenue	**1,151,905**	1,370,337	1,037,349	932,409	754,749
Operating expenses:					
Coal, oil and gas	**729,336**	990,422	736,665	682,405	523,003
Depreciation of property, plant and equipment	**109,478**	93,377	68,586	58,942	54,322
Repair and maintenance	**27,889**	23,310	22,129	23,157	24,927
Staff costs	**62,943**	59,210	43,386	39,070	33,862
Others	**63,359**	54,082	51,291	48,640	40,292
Total operating expenses	**993,005**	1,220,401	922,057	852,214	676,406
Operating profit	**158,900**	149,936	115,292	80,195	78,343
Other income	**18,630**	12,851	12,054	13,563	8,506
Other gains and losses	**(1,652)**	1,713	2,973	193	(4,985)
Finance costs	**(76,799)**	(63,081)	(51,121)	(40,356)	(43,524)
Share of results of associates	**63,313**	40,850	37,392	11,319	(5,029)
Initial public offering expenses	**–**	(4,087)	(6,866)	–	–
Profit before tax	**162,392**	138,182	109,724	64,914	33,311
Income tax expense	**(39,978)**	(37,290)	(40,102)	(26,556)	(13,946)
Profit for the year	**122,414**	100,892	69,622	38,358	19,365
Profit for the year attributable to:					
Owner of the Company	**103,879**	85,131	55,338	29,022	11,344
Non-controlling interests	**18,535**	15,761	14,284	9,336	8,021
	122,414	100,892	69,622	38,358	19,365
Earnings per share for the Remaining Group *(US cents)*	**2.42**	2.51	1.78	0.94	0.37

Five-Year Financial Summary

	2015	2014	2013	2012	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Consolidated statement of financial position					
For the Remaining Group					
NON-CURRENT ASSETS					
Property, plant and equipment	**2,545,785**	1,483,283	1,445,277	1,183,002	750,579
Prepaid lease payments	**57,982**	13,794	16,641	16,481	18,432
Goodwill	**178,967**	844	844	844	844
Interests in associates	**174,472**	168,271	174,629	131,260	119,625
Amounts due from non-controlling shareholders	**704**	860	963	1,039	1,286
Deferred tax assets	**28,553**	1,356	1,495	1,436	1,556
Other assets	**35,661**	31,086	24,819	11,590	13,066
Pledged bank deposits	**–**	–	–	8,562	8,172
	3,022,124	1,699,494	1,664,668	1,354,214	913,560
CURRENT ASSETS					
Inventories	**28,755**	30,830	28,065	25,682	29,121
Prepaid lease payments	**3,640**	1,938	2,023	1,938	1,935
Trade receivables	**200,765**	158,003	97,215	125,647	132,353
Other receivables and prepayments	**130,082**	8,976	15,884	36,948	12,906
Amount due from a non-controlling shareholder	**2,450**	1,936	1,573	–	1,454
Amounts due from Disposal Group	**–**	–	253,119	221,269	188,419
Amounts due from associates	**43,084**	37,090	32,465	–	8,716
Amounts due from fellow subsidiaries	**4,319**	1,671	86	10,373	8,000
Tax recoverable	**106**	658	169	289	611
Derivative assets	**–**	–	–	–	574
Pledged bank deposits	**75,045**	118,132	109,635	224,404	22,382
Bank balances, fixed deposits and cash	**342,498**	407,043	167,629	83,669	112,813
	830,744	766,277	707,863	730,219	519,284
Disposal entity classified as held-for-sale	**–**	21,163	–	–	–
	830,744	787,440	707,863	730,219	519,284

Five-Year Financial Summary

	2015	2014	2013	2012	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Consolidated statement of financial position					
For the Remaining Group					
CURRENT LIABILITIES					
Trade payables	**89,778**	157,007	104,661	128,972	106,272
Other payables and accruals	**155,873**	62,005	51,297	95,164	38,587
Amounts due to fellow subsidiaries	**4,647**	90	–	–	–
Amount due to immediate holding company	**–**	–	–	50,546	50,546
Amounts due to non-controlling shareholders	**6,198**	7,470	5,319	5,206	11,383
Loan from a fellow subsidiary	**96,422**	–	–	–	–
Dividend payable to immediate holding company	**–**	–	–	33,000	33,000
Advances from non-controlling shareholders – due within one year	**7,098**	7,533	7,560	7,334	9,540
Amounts due to Disposal Group	**–**	–	3,356	1,266	76
Bank borrowings – due within one year	**114,024**	197,819	22,973	126,331	48,571
Bond payables – due within one year	**4,717**	4,718	4,834	–	–
Government grants	**662**	–	–	–	–
Deferred connection charges	**109**	175	145	450	668
Tax payable	**8,738**	7,842	8,911	8,083	3,807
Derivative liabilities	**–**	–	2,606	5,526	2,514
	488,266	444,659	211,662	461,878	304,964
Liabilities associated with disposal entity classified as held-for-sale	**–**	821	–	–	–
	488,266	445,480	211,662	461,878	304,964
NET CURRENT ASSETS	**342,478**	341,960	496,201	268,341	214,320
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,364,602**	2,041,454	2,160,869	1,622,555	1,127,880
NON-CURRENT LIABILITIES					
Loan from an intermediate holding company	**100,000**	–	242,300	–	–
Loans from fellow subsidiaries	**465,459**	–	–	–	–
Advances from non-controlling shareholders – due after one year	**794**	791	745	677	–
Bank borrowings – due after one year	**1,536,606**	838,029	1,035,919	1,172,071	763,981
Bond payables – due after one year	**349,386**	349,008	348,632	–	–
Deferred connection charges	**152**	278	179	264	684
Derivative liabilities	**–**	–	–	2,474	4,388
Government grants	**10,874**	–	–	–	–
Deferred tax liabilities	**51,778**	37,258	39,330	28,736	24,665
	2,515,049	1,225,364	1,667,105	1,204,222	793,718
NET ASSETS	**849,553**	816,090	493,764	418,333	334,162

Note: The above financials pertains to the Remaining Group only.

Five-Year Financial Summary

	2015 US$'000	2014 US$'000	2013 US$'000 (Note)	2012 US$'000 (Note)	2011 US$'000 (Note)
Consolidated statement of profit and loss For the Whole Group					
Revenue	**1,151,905**	1,379,552	1,054,523	948,306	768,493
Operating expenses:					
Coal, oil and gas	**729,336**	996,629	742,926	691,120	533,249
Depreciation of property, plant and equipment	**109,478**	94,752	71,282	61,742	56,932
Repair and maintenance	**27,889**	23,525	22,521	23,548	25,259
Staff costs	**62,943**	60,394	45,857	40,899	35,114
Others	**63,359**	54,351	54,950	51,167	42,134
Total operating expenses	**993,005**	1,229,651	937,536	868,476	692,688
Operating profit	**158,900**	149,901	116,987	79,830	75,805
Other income	**18,630**	13,096	12,901	14,014	8,873
Other gains and losses	**(1,652)**	1,713	3,127	5,262	(4,724)
Finance costs	**(76,799)**	(63,274)	(51,704)	(41,065)	(43,935)
Share of results of associates	**63,313**	42,572	28,936	(12,386)	(13,734)
Share of results of a joint venture	**–**	21,016	55,946	20,082	(187)
Impairment loss on interest in an associate	**–**	–	(18,758)	(7,627)	–
Impairment loss on property, plant and equipment	**–**	–	(24,000)	–	–
Discount on acquisition recognised in a business combination	**–**	–	–	–	2,192
Gain on disposal of subsidiaries, associates and a joint venture	**–**	96,343	–	–	–
Initial public offering expenses	**–**	(4,087)	(6,866)	–	–
Profit before tax	**162,392**	257,280	116,569	58,110	24,290
Income tax expense	**(39,978)**	(39,568)	(47,242)	(29,213)	(13,628)
Profit for the year	**122,414**	217,712	69,327	28,897	10,662
Profit for the year attributable to:					
Owner of the Company	**103,879**	202,203	55,817	20,159	2,787
Non-controlling interests	**18,535**	15,509	13,510	8,738	7,875
	122,414	217,712	69,327	28,897	10,662
Earnings per share, basic *(US cents)*	**2.42**	5.97	1.80	0.65	0.09
Consolidated condensed statement of financial position For the Whole Group					
ASSETS AND LIABILITIES					
Total assets	**3,852,868**	2,486,934	2,957,589	2,612,982	1,952,438
Total liabilities	**3,003,315**	1,670,844	2,019,731	1,771,327	1,163,289
NET ASSETS	**849,553**	816,090	937,858	841,655	789,149
Equity attributable to owner of the Company	**741,732**	709,048	778,541	685,412	648,782
Non-controlling interests	**107,821**	107,042	159,317	156,243	140,367
TOTAL EQUITY	**849,553**	816,090	937,858	841,655	789,149

Note: Figures for the year ended 31 December 2011 to 2013 are extracted from the Company's prospectus dated on 19 September 2014.