華電國際電力股份有限公司

HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Stock Code：1071

2015 Annual Report

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Contents

Company Profile

Huadian Power International Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") are one of the largest comprehensive energy companies in the People's Republic of China (the "**PRC**"), and primarily engage in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects. The Group's power generating assets are located in 13 provinces, autonomous regions or municipalities around China, which are strategically built in the vicinity of electricity load centres or coal mining regions. As at the date of this report, the Group had a total of 57 controlled power plants which have commenced operation. The Group's total controlled installed capacity amounted to 46,108.7MW, of which 41,236.5MW was attributable to controlled coal- and gas-fired generating units, and 4,872.2MW was attributable to controlled renewable energy generating units such as hydropower, wind power and solar power generating units.

The Company was incorporated in Jinan, Shandong Province, the PRC on 28 June 1994. On 30 June 1999, the Company issued approximately 1,431 million H shares in its initial public offering, which were listed on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**"). On 3 February 2005, the Company issued 765 million A shares in the PRC, which were listed on the Shanghai Stock Exchange. Subsequently, on 1 December 2009, 3 July 2012 and 18 July 2014, the Company issued 750 million, 600 million and 1,150 million A shares, respectively, each through a non-public issuance in the PRC, and all such A shares are listed on the Shanghai Stock Exchange. On 30 July 2014, the Company issued approximately 286 million H shares by way of placing, and such H shares are listed on the Hong Kong Stock Exchange. On 8 September 2015, the Company issued approximately1,056 million A shares by way of non-public issuance, and such A shares are listed on the Shanghai Stock Exchange. Currently, the Company has an issued share capital comprising 8,145,743,053 A shares and 1,717,233,600 H shares, accounting for approximately 82.59% and 17.41%, respectively, of the total issued share capital of the Company. For the year ended 31 December 2015, the total number of employees of the Group amounted to 24,968.

Details of the Group's major operational power generating assets as at the date of this report are as follows:

(1) DETAILS OF CONTROLLED COAL – OR GAS-FIRED GENERATING UNITS ARE AS FOLLOWS:

	Name of power plant/company	**Installed capacity** *(MW)*	**Equity Interest held by the Company**	**Generating Units**
1	Zouxian Plant	2,575	100%	1 x 635MW + 1 x 600MW + 4 x 335MW
2	Shiliquan Plant	800	100%	2 x 330MW + 1 x 140MW
3	Laicheng Plant	1,200	100%	4 x 300MW
4	Shuozhou Thermal Power Branch Company	700	100%	2 x 350MW
5	Huadian Zouxian Power Generation Company Limited ("**Zouxian Company")**	2,000	69%	2 x 1,000MW
6	Huadian Laizhou Power Generation Company Limited ("**Laizhou Company**")	2,000	75%	2 x 1,000MW
7	Huadian Weifang Power Generation Company Limited ("**Weifang Company**")	2,000	45%	2 x 670MW + 2 x 330MW
8	Huadian Qingdao Power Generation Company Limited ("**Qingdao Company**")	1,220	55%	1 x 320MW + 3 x 300MW
9	Huadian Zibo Thermal Power Company Limited ("**Zibo Company**")	950	100%	2 x 330MW + 2 x 145MW
10	Huadian Zhangqiu Power Generation Company Limited ("**Zhangqiu Company**")	925	87.5%	1 x 335MW + 1 x 300MW + 2 x 145MW
11	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("**Tengzhou Company**")	930	93.257%	2 x 315MW + 2 x 150MW
12	Hudian Longkou Power Generation Company Limited ("**Longkou Company**")	880	84.31%	4 x 220MW
13	Huadian Ningxia Lingwu Power Generation Company Limited ("**Lingwu Company**")	3,320	65%	2 x 1,060MW + 2 x 600MW
14	Ningxia Zhongning Power Generation Company Limited ("**Zhongning Company**")	660	50%	2 x 330MW
15	Sichuan Guang'an Power Generation Company Limited ("**Guang'an Company**")	2,400	80%	2 x 600MW + 4 x 300MW
16	Huadian Xinxiang Power Generation Company Limited ("**Xinxiang Company**")	1,320	90%	2 x 660MW
17	Huadian Luohe Power Generation Company Limited ("**Luohe Company**")	660	75%	2 x 330MW
18	Huadian Qudong Power Generation Company Limited ("**Qudong Company**")	660	90%	2 x 330MW
19	Anhui Huadian Suzhou Power Generation Company Limited ("**Suzhou Company**")	1,260	97%	2 x 630MW

	Name of power plant/company	Installed capacity *(MW)*	Equity Interest held by the Company	Generating Units
20	Anhui Huadian Wuhu Power Generation Company Limited ("**Wuhu Company**")	1,320	65%	2 x 660MW
21	Anhui Huadian Lu'an Power Generation Company Limited ("**Lu'an Company**")	1,320	95%	2 x 660MW
22	Hangzhou Huadian Banshan Power Generation Company Limited ("**Hangzhou Banshan Company**")	2,545	64%	3 x 415MW + 3 x 390MW + 1 x 130MW
23	Hangzhou Huadian Xiasha Thermal Power Company Limited ("**Xiasha Company**")	246	56%	1 x 88MW + 2 x 79MW
24	Hangzhou Huadian Jiangdong Thermal Power Company Limited ("**Jiangdong Company**")	960.5	70%	2 x 480.25MW
25	Huadian Zhejiang Longyou Thermal Power Company Limited ("**Longyou Company**")	405	100%	2 x 127.6MW + 1 x 130.3MW + 1 x 19.5MW
26	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("**Shijiazhuang Thermal Power Company**")	475	82%	2 x 200MW + 3 x 25MW
27	Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("**Yuhua Company**")	600	100%	2 x 300MW
28	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("**Luhua Company**")	660	90%	2 x 330MW
29	Hebei Huarui Energy Group Corporation Limited ("**Huarui Company**") *(Note 1)*	1,544.36	100%	–
30	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("**Pingshi Power Company**")	725	100%	2 x 300MW + 1 x 125MW
31	Tianjin Huadian Fuyuan Thermal Power Company Limited ("**Fuyuan Thermal Power Company**")	400	100%	2 x 200MW
32	Huadian Hubei Power Generation Company Limited ("**Hubei Company**") *(Note 2)*	5,120	82.56%	2 x 680MW + 2 x 640MW + 6 x 330MW + 1 x 300MW + 1 x 200MW

Note 1: As at the date of this report, the Company's interested installed capacity of Huarui Company amounted to 1,544.36MW. The installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited, a wholly-owned subsidiary of Huarui Company, amounted to 99MW.

Note 2: The Company acquired 82.5627% equity interest in Hubei Company and completed the equity transfer on 1 July 2015. Since then, Hubei Company was included in the consolidated financial statements of the Group. Details of the controlled generating units of Hubei Company are as follows:

Name of power company	Installed capacity *(MW)*	Equity interest held by Hubei Company	Generating Units
Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Plant ("**Huangshi Thermal Power Plant**")	530	100%	1 x 330MW + 1 x 200MW
Hubei Xisaishan Power Generation Company Limited	660	50%	2 x 330MW
Hubei Huadian Xisaishan Power Generation Company Limited ("**Huadian Xisaishan Power Generation Company**")	1,360	50%	2 x 680MW
Hubei Huadian Xiangyang Power Generation Company Limited	2,570	60.10%	2 x 640MW + 3 x 330MW + 1 x 300MW

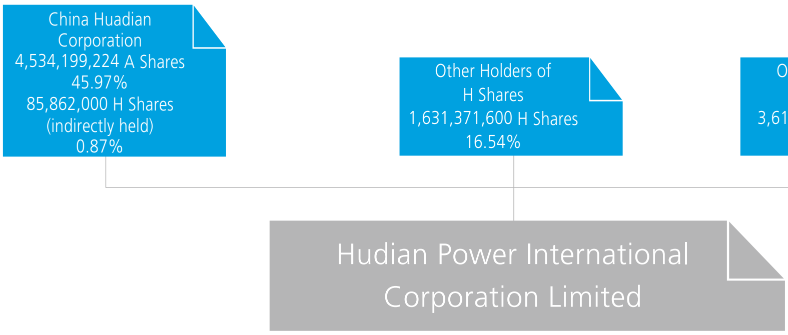
Company Profile (Continued)

(2) DETAILS OF CONTROLLED RENEWABLE ENERGY GENERATING UNITS ARE AS FOLLOWS:

	Name of power plant/company	Installed capacity *(MW)*	Equity Interest held by the Company	Generating Units
1	Huadian Suzhou Biomass Energy Power Company Limited ("**Suzhou Biomass Energy Company**")	25	78%	2 x 12.5MW
2	Sichuan Huadian Luding Hydropower Company Limited ("**Luding Hydropower Company**")	920	100%	4 x 230MW
3	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("**Za-gunao Hydroelectric Company**")	591	64%	3 x 65MW + 3 x 56MW + 3 x 46MW + 3 x 30MW
4	Lixian Xinghe Ganbao Power Company Limited ("**Ganbao Company**")	34	100%	4 x 8.5MW
5	Lixian Xinghe Power Company Limited ("**Lixian Company**")	33	100%	3 x 11MW
6	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("**Shuiluohe Company**")	324	57%	3 x 70MW + 3 x 38MW
7	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("**Hebei Hydropower Company**")	57	100%	1 x 16MW + 2 x 15MW + 1 x 11MW
8	Huadian Inner Mongolia Kailu Wind Power Company Limited ("**Kailu Wind Power Company**")	399	100%	262 x 1.5MW + 2 x 3MW
9	Huadian Kezuozhongqi Wind Power Company Limited ("**Kezuozhongqi Wind Power Company**")	49.5	100%	33 x 1.5MW
10	Huadian Power International Ningxia New Energy Power Company Limited ("**Ningxia New Energy Company**")	1,262	100%	123 x 2MW + 664 x 1.5MW + 20 x 1MW
11	Hebei Huadian Guyuan Wind Power Company Limited ("**Guyuan Wind Power Company**")	270.5	100%	167 x 1.5MW + 20MW
12	Hebei Huadian Kangbao Wind Power Company Limited ("**Kangbao Wind Power Company**")	129	100%	48 x 2MW + 2 x 1.5MW + 30MW
13	State Development Zhangjiakou Wind Power Company Limited ("**Zhangjiakou Wind Power Company**")	100.5	100%	67 x 1.5MW
14	Huadian Laizhou Wind Power Company Limited ("**Laizhou Wind Power Company**")	40.5	55%	27 x 1.5MW
15	Huadian Laizhou Wind Power Generation Company Limited ("**Laizhou Wind Company**")	48	100%	24 x 2MW
16	uadian Laizhou Wind Energy Power Company Limited ("**Laizhou Wind Energy Company**")	99.6	55%	48 x 2MW + 2 x 1.8MW
17	Huadian Changyi Wind Power Company Limited ("**Changyi Wind Power Company**")	49.5	100%	33 x 1.5MW
18	Huadian Zibo Wind Power Company Limited ("**Zibo Wind Power Company**")	48	100%	24 x 2MW
19	Huadian Longkou Wind Power Company Limited ("**Longkou Wind Power Company**")	49.5	65%	23 x 1.5MW + 6 x 2.5MW
20	Huadian Zaozhuang New Energy Generation Company Limited ("**Zaozhuang New Energy Company**")	50	100%	25 x 2MW
21	Huadian Feicheng New Energy Generation Company Limited ("**Feicheng New Energy Company**")	99.8	100%	48 x 2MW + 2 x 1.9MW
22	Huadian Laixi New Energy Generation Company Limited ("**Laixi New Energy Company**")	49.8	100%	24 x 2MW + 1 x 1.8MW
23	Longkou Dongyi Wind Power Company Limited ("**Longkou Dongyi Wind Power Company**")	30	100%	20 x 1.5MW
24	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("**Shangde Solar Company**")	10	60%	10 x 1MW
25	Huadian Zhangjiakou Saibei New Energy Generation Company Limited ("**Zhangjiakou Saibei New Energy Company**")	4	100%	4 x 1MW

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this report is set out as follows:



Chairman's Statement

Li Qingkui

Chairman

Dear Shareholders,

As one of the largest listed power generation companies in terms of installed capacity in the PRC, the Group's power generating assets are located in 13 provinces, autonomous regions or municipalities around China, and boasts a relatively strong ability to withstand systemic risks. Aside from coal-fired generating units, the Group's generating units also include gas-fired power, hydropower, wind power, biomass energy power and solar power generating units. With a relatively integrated production chain, the Group's coal assets are located across areas such as Shanxi, Inner Mongolia, Shandong, Sichuan, Ningxia and Anhui, and the coal resources amounted to approximately 2.2 billion tons.

In 2015, the Group achieved positive results from its reforms in operation development and successfully completed each of the objectives assigned by the board of directors. For the financial year ended 31 December 2015, power generation of the Group amounted to 182.48 million MWh, representing a year-on-year increase of 1.28%; profit for the year attributable to equity shareholders of the Company amounted to approximately RMB7.329 billion, representing a year-on-year increase of 23.00%, and earnings per share was approximately RMB0.802. The board of directors of the Company proposes to declare a final cash dividend of RMB0.300 per share (tax inclusive) for the financial year ended 31 December 2015.

In 2015, in terms of production safety, the Group fully implemented the new Production Safety Law of the People's Republic of China and carried out seasonal safety inspections, supervision over major hazard management and other safety-related activities to maintain an overall stability in safety production. Throughout the year, the hydropower segment realised a "zero non-planned downtime", and the thermal power generating units recorded a historical best of a year-on-year decrease of 0.48 in forced outage frequency per unit per annum, with 29 thermal power generating units granted the honour of outperformance of thermal power generating units. During the year, the Group completed the denitrification upgrade of 14 generating units, the desulfurization upgrade of 10 generating units and the dust removal upgrade of 19 generating units. As at the date of this report, a total of 17 generating units of the Group fulfilled the requirements of ultra-low emission in terms of major pollutant emission. The Group continuously developed benchmarks for energy consumption in order to constantly improve on the level of management of key energy efficiency indicators. By scientifically optimizing the operation model and power structure, as well as increasing the utilisation efficiency of resources, the Group was able to achieve a year-on-year decrease of 2.4 g/kWh in coal consumption rate.

In 2015, in terms of project development, the Group seized timely strategic opportunities in order to accelerate project development and restructuring, and obtained approval for a number of key coal-fired power generation projects, of which generating units with a capacity of

600MW or more accounted for 91.46% of the total installed capacity. Development in clean energy projects also witnessed notable results whereby a series of wind power, hydropower, photovoltaic power and gas-fired power generation projects have been approved or had been filed, which lays a solid foundation for the Group's development in clean energy projects.

In 2015, in terms of capital operation, the Company successfully completed the acquisition of Hubei Company which increased operational installed capacity by 5,120MW, and significantly increased the installed capacity and profitability of the Group. In 2015, the Company completed the non-public issuance of A shares, and the total proceeds raised amounted to approximately RMB7.147 billion, rendering it unprecedented in the non-public issuances of the Company, with the highest proceeds, highest premium, lowest financing cost and largest downward fluctuation of the liabilities to assets ratio, resulting in a decrease of 3.5 percentage points.

Over the past year, China continued to deepen the reform of electric power system and issued six guidance documents including the Opinions on Further Deepening the Reform of Electric Power System (Zhong Fa [2015] No.9) and Opinions on Promoting Power Transmission and Distribution Pricing Reform, which aimed to divert the industry focus from one which relied on the satisfaction of demand to one that embraces development quality in order to transform into a market-oriented industry. The PRC power industry has entered into a new stage of development. Under a complex and changing developmental environment, the Group's staff explored proactively and worked tirelessly by dedicating both talent and effort to produce high quality results. At the same time, the Group's achievements and honors were attributable to the trust and support of shareholders and the care and help of all sectors of society. I hereby extend my heartfelt gratitude to them.

In our future development, faced with the new norm in the power generation industry, the Company will take forward-looking actions and proactively implement national energy conservation strategies as well as adapt to new energy developments and market trends. Focusing on structural adjustments and efficiency, and persevering in areas of innovation, development and environmental development, the Company aims to continuously improve on development quality, economic performance and corporate image in order to build a comprehensive energy company of higher competitiveness.

Li Qingkui
Chairman

Beijing, the PRC
24 March 2016

Business Review and Outlook

Chen Bin
Executive Director,
General Manager

BUSINESS REVIEW

(1) Power Generation

As at 31 December 2015, the Group's total controlled installed capacity amounted to 45,775.3 MW. Power generation of the Group in 2015 amounted to 182.48 million MWh, representing a year-on-year increase of approximately 1.28%; the volume of power sold amounted to 170.92 million MWh, representing a year-on-year increase of approximately 1.29%. The annual utilisation hours of the Group's generating units and equipment were 4,426 hours; in particular, the annual utilisation hours of the coal-fired generating units were 4,915 hours. Coal consumption for power supply was 303.37g/KWh, much lower than the national average level.

(2) Turnover

In 2015, turnover of the Group amounted to approximately RMB66,789 million, representing a decrease of approximately 1.46% over 2014. Revenue generated from sale of electricity amounted to approximately RMB62,178 million, representing a decrease of approximately 2.48% over 2014; revenue generated from sale of heat amounted to approximately RMB3,280 million, representing an increase of approximately 9.75% over 2014; and revenue from sale of coal was approximately RMB1,331 million, representing an increase of approximately 29.05% over 2014.

(3) Profit

In 2015, operating profit of the Group amounted to approximately RMB17,988 million, representing an increase of approximately 22.17% over 2014, mainly due to decrease in coal prices and increase in installed capacity. For the year ended 31 December 2015, the profit for the year attributable to equity shareholders of the Company amounted to approximately RMB7,329 million, and basic earnings per share was approximately RMB0.802.

(4) The Capacity of Newly-added Generating Units:

From 1 January 2015 to the date of this report, the capacity of the Group's newly-added generating units amounted to 8,330.9 MW *(Note)*:

Name of Project	**Category**	**Capacity** *(MW)*
Hubei Company	Coal-fired	5,120
Shuozhou Thermal Power Branch	Coal-fired	700
Jiangdong Company	Gas-fired	960.5
Longyou Company	Gas-fired	405
Ningxia New Energy Company	Wind Power	595.5
Laizhou Wind Energy Company	Wind Power	49.8
Changyi Wind Power Company	Wind Power	49.5

Business Review and Outlook (Continued)

Name of Project	Category	Capacity *(MW)*
Zibo Wind Power Company	Wind Power	48
Longkou Wind Power Company	Wind Power	49.5
Kangbao Wind Power Company	Wind Power	49.5
Zaozhuang New Energy Company	Wind Power	50
Feicheng New Energy Company	Wind Power	99.8
Laixi New Energy Company	Wind Power	49.8
Longkou Dongyi Wind Power Company	Wind Power	30
Ningxia Renewable Company	Solar power	20
Kangbao Wind Power Company	Solar power	30
Guyuan Wind Power Company	Solar power	20
Zhangjiakou Saibei New Energy Company	Solar power	4
Total		**8,330.9**

Note: The wind power generating units (with a total capacity of 279.4 MW) of Laizhou Wind Energy Company, Zaozhuang New Energy Company, Feicheng New Energy Company, Laixi New Energy Company and Longkou Dongyi Wind Power Company and the solar power generating units (with a total capacity of 54 MW) of Kangbao Wind Power Company, Guyuan Wind Power Company and Zhangjiakou Saibei New Energy Company are generating units that have newly commenced commercial operations within 2016.

(5) Projects Approved and Under Construction

As at the date of this report, the Group's major generating units which have been officially approved by the relevant state or local authorities and under construction are as follows:

No.	Name of project	Planned installed capacity
1	Chongqing Fengjie Project	2 × 600MW generating units
2	Shiliquan Plant Expansion Project	2 × 660MW generating units
3	Laizhou Company Phase II Project	2 × 1,000MW generating units
4	Ningxia Yongli Project	2 × 660MW generating units
5	Wuhu Company Phase II Project	1 × 1,000MW generating units
6	Guangdong Shantou Project	2 × 600MW generating units
7	Hubei Company Jiangling Project	2 × 660MW generating units
8	Guangdong Nanxiong Project	2 × 350MW heat-power co-generating units
9	Tianjin Huadian Nanjiang Thermal Power Company Limited ("**Nanjiang Company**") Project	900MW gas-fired generating units

No.	Name of project	Planned installed capacity
10	Shenzhen Huadian Pingshan Distributed Energy Resources Project	3 × 100MW gas-fired generating units
11	Shijiazhuang Thermal Power Company Natural Gas Thermal Co-generating Project	2 × 400MW gas-fired generating units
12	Distributed Energy Resources Project of Guangdong Shunde West Eco-industrial Park	3 × 59MW gas-fired generating units
13	Natural Gas Power Generation Project of Guandong Foshan Sanshui Industrial Park	3 × 59MW gas-fired generating units
14	Distributed Energy Resources Project of Cultural Center of Tianjin Binhai New Area	3 × 2MW gas-fired generating units
15	Project of Shuiluohe Company	492MW hydroelectric generating units
16	Project of Ningxia New Energy Company (Ningdong Phase VIII and Haiyuan Lijunpu)	149.5MW wind power generating units
17	Jincheng Wind Power Phase II Project of Laizhou Wind Company	48MW wind power generating units
18	Project of Huadian Xuwen Wind Power Company Limited	99MW wind power generating units
19	Yaotaishan Project of Huadian Xiaxian Wind Power Company Limited	100MW wind power generating units
20	Phase I of Wind Power Project in Inner Mongolia Shangdu Xijingzi	49.5MW wind power generating units
21	Wind Power Project in Xujiazhuang of Yiyuan, Zibo	48MW wind power generating units
22	Kunlun Wind Farm Project of Zibo Wind Power Company	49.8MW wind power generating units
23	Changyi Wind Power Company Phase II Project	48MW wind power generating units
24	Humen Wind Farm Project of Feicheng New Energy Company	49.9MW wind power generating units
25	Longkou Wind Power Company Phase II Project	49.8MW wind power generating units
26	Wind Farm Project in of Gaojialiang of Wengniute Qi in Inner Mongolia	49.5MW wind power generating units
27	Distributed Wind Power Integration Project of Xini River, HulunBuir, Inner Mongolia	20MW wind power generating units
28	Tuqiao Wind Farm Project of Shaanxi Xianyang	50MW wind power generating units
29	Zezhou Wind Power Project of Shanxi Jincheng	98MW wind power generating units
30	Huadian Tai'erzhuang Solar Power Generation Project	10MW solar power generating units
31	Yuanbaoshan Solar Power Generation Project of Hebei Guyuan	20MW solar power generating units
32	Xianggongzhuang Solar Power Generation Project of Huadian Zhangqiu	10MW solar power generating units
33	Solar Power Generation Project of Feicheng New Energy Company	20MW solar power generating units
34	Wenfengshan Solar Power Generation Project of Zaozhung New Energy Company	50MW solar power generating units
35	Suixian Solar Power Generation Project of Hubei	150MW solar power generating units
Total		**14,081 MW**

BUSINESS OUTLOOK

(1) Competition Landscape and Development Trend of the industry

2016 marks the first year of the 13th five-year plan (the "**13th Five Plan**") of our country and the first year of a new round of power system reform. Overall, China's economy is expected to remain relatively stable in 2016 with an expected gross domestic product ("**GDP**") growth rate of 6.5% to 7%. Currently and for a period of time in the future, China's economy and social development will shift into a new gear, endure structural changes, and go through a new state of driving growth. China is expected to implement more policies in improving people's living standards, and make steady progress in key areas of the society, which is expected to stimulate the momentum and vitality of the nation's economic development. Meanwhile, China is expected to put more efforts in the construction of "the Belt and Road", thus the Company believes that this will benefit energy enterprises.

For the power industry, the elastic coefficient of power is expected to be lowered due to slower economic growth and optimized industry structure. The growth of power generation is expected to linger at a low level since power utilisation hours are expected to show a downward trend as a result of sluggish growth of electricity demand. A new round of power system reform has officially initiated in China. The National Development and Reform Commission and National Energy Administration officially released six major documents in relation to the power system reform, which provide relatively clear guidance in fields such as electricity market construction, power transmission and distribution pricing reform, reform in power sales side, the establishment and operation standardization of power trading organization, power generation plan reform and the supervision of coal-fired self-owned power plants. As new electricity distribution markets and power sales side markets gradually open up, the Company is provided with new opportunities for business development. This will also drive a change in the competitive structure of the industry and a shift in the industry's core. Cheap and reliable electric power and consumer resources will become the core strength of power enterprises, and the competition landscape will change from one focused on size to one that focuses on an internal and structural adjustment and emphasis on low cost.

For the coal industry, under the combined effect of slower economic growth and rigid environmental protection requirements, the demand for coal remains low and the total supply is expected to be loose. Therefore, the structural over-supply of coal is not expected to change fundamentally in the short term while the price of thermal coal is expected to remain low. Meanwhile, the implementation of measures such as government intervention and the production curtailment of the coal industry itself limits the space for a further decrease in coal price.

As for capital markets, the influence of the continuous reduction of reserves and interest rate cuts by the People's Bank of China in 2015 will remain in 2016. Capital cost is decreasing amid the relatively loose financing environment. China is expected to continue to implement a proactive fiscal policy and stable monetary policy. The Company expects a loose financing environment and the cost of financing to further reduce in the future.

(2) Development Strategy of the Group

By implementing the national energy strategy of the 13th Five Plan faithfully, adapting to new energy development and market tendencies, persevering in innovation and growth, improving development quality, economic benefits and corporate image continuously, the Company expects to become a comprehensive energy company with strong competitiveness. Firstly, a careful analysis on the benefits of an investment project should be done regarding the development direction, channels, modes and tempo from a development perspective in order to prevent development risks. Secondly, the Company will place more emphasis on improving competiveness to eliminate disadvantages, promote low cost strategy and expand marketing and sales vigorously. Thirdly, the Company will stress management innovation and reform to build a market-oriented control system, and will try to develop marketing and sales as one of its core strengths, comprehensively improve streamlined management standards, and strengthen the capability of a stable operation. Fourthly, the Company will insist on the strategy that only talents can make a strong enterprise, upgrade the quality of the staff team, and provide strong talent support to the 13th Five Plan development of the Company.

(3) Operation Plan of the Group for 2016

Provided that there will be no major changes to external factors, the Company expects to complete the goal of generating approximately 182 billion KWh of power in 2016 and expects a decrease in the utilization hours of power-generating equipment. According to the actual progress of each project, the Company intends to invest RMB14.5 billion in 2016 in areas such as the infrastructure of power supply projects, the infrastructure of coal mine projects, heating network, other projects and direct investment projects, as well as invest RMB4.5 billion in environmental protection and energy saving technology reform projects.

In order to accomplish the abovementioned objectives, the Group will mainly focus on the following:

1. Strengthen the overall management and control of operations to maintain a healthy level of profit. Raise awareness of competition and actively participate in the establishment of market transaction mechanisms and policy making, and continue to optimize power structure in order to improve overall power generation efficiency. Efforts will be put in fuel management and control. Leveraging the advantage of large scale procurement, scientificlly developing procurement strategies and seizing favourable timing of purchases so as to effectively lower the cost of fuel. At the same time, emphasising on blending combustion technique to faciliate a structural depreciation of fire coal. Seizing favourable opportunities in using multiple financing tools in a loose capital market to adjust and optimize credit and financing structure, to control capital, improve capital utilization efficiency and to reduce the cost of financing.

2. Continuously optimize structure to comprehensively improve development. For approved projects under construction, putting more effort in managing design optimization at each stage, bid solicitation, contracting and settlement, and to optimize design proposal and control investment and cost. In addtion, efforts will put into the construction of auxiliary projects, and to implement synchronized planning, design and construction of surrounding supporting facilities alongside the main works. Engineering quality control and safety should be guaranteed for projects under construction. Controlling budget, not hasten time and completion of projects in order to strive for quality projects. Meanwhile, conducting thorough analysis of the development space and environment in each area to prepare a scientific development plan of the Company.

3. Guarantee the basis of production safety in order to raise the level of safety. Strictly implementing the system of responsibility at each level of safety production, improving awareness of red line safety, strengthening accountability of unsafe incidents, and conducting performance evaluation to ensure that the safety of production is under control to ensure intrinsic safety. More efforts will be put into upgrading ultra-low emission projects, and ensuring the efficient and up to standard operation of environmentally friendly facilities. Meanwhile, improving management of energy conservation, and optimizing the Company's energy consumption index by following the national requirements on energy-saving standards.

4. Operate the Company in accordance with law and promote the standardization of operation. Manage and operate the Company according to law and standardized requirements, improving legal literacy of staff, enhancing the role of legal responsibility in the business process so as to minimize legal risks and business risks resulting from flaws in process design. Risks control will be deepened to improve the overall risk management system. In addition, insisting on a combination of prevention and control in order to prevent different types of risks effectively.

5. Adopt a people-oriented view in order to further enhance human resources management. Establish a high-quality team of staff with a sensible structure, and continuously ramp up the development of and incentives for key talents in order to provide strong staff support for the Group's development.

(4) Potential Risks and Countermeasures

1. Risks relating to the operation and development that may arise from changes in the market environment

In 2016, China's economy is expected to remain stable, accompanied by stronger downward pressure. The demand for power is expected to grow at a low speed due to the slower economic growth, which is expected to become a new norm. As the growth of newly-added generating units exceeds that of the electricity demand, the capacity of power generation is at risk of overcapacity and the annual utilisation hours of generating units and equipment will potentially decrease.

A new round of power system reform has initiated in China. Power companies thus expect to be confronted with more intensified competition in the market along with the advancement of the reform. New competition in the power market will become more diversified, which is expected to focus on asset structure, cost and reliability. In addition, marketing methods are also expected to change substantially. The aforesaid factors are expected to bring significant impact on the operation and development of the Company in the future.

As China is intensifying the power system reform, the anticipated market reform in electricity pricing is more apparent and there is a risk of a decrease in electricity price.

Since 2012, coal price has fallen rapidly. Domestic coal mining companies have suffered large losses. Meanwhile, the implementation of measures such as government intervention and production curtailment of the coal industry itself limits the space for the further decrease in coal price.

Facing the above risks, the Company will seize the rare opportunity emerging from a prosperous cycle in the industry, strive for more planned power generation, aim for a larger market share and ensure that utilisation hours reach or exceed the"three same (三同)" standards during its future operation and development. The Company will prepare for the unexpected and crisis, and will continuously increase its profitability and ability to endure risks, thus laying a solid foundation for the development of the Company and its ability to adapt to changes in the market. More efforts will be put into the optimization of power structure, reduction of energy consumption, enhancement of the reliability of generating units, and reinforcement of marketing system reforms, so as to become an early mover in the power system reform. The Company will leverage on new developments and opportunities in power source development, and transform its strength in possessing a pipeline of projects to strength in scientific development. Meanwhile, the Company will change the focus of its development strategy from self-directed development to a combination of self-directed development and assets acquisitions from the parent company, thus vigorously promoting the sustainable development of the Company and comprehensively enhancing the value creation ability of the Company.

2. Risks Relating to Environmental Protection

Currently, the environmental capacity has reached or is close to its limits. People are urging for a clean environment. The Environmental Protection Law of the People's Republic of China ("**Environmental Protection Law**") focuses heavily on the control of smog weather and takes strict precautions against the pollution source. Rigid management of processes and severe punishment are exerted during the enforcement of the law. A "zero tolerance" approach was adopted for breaches of the Environmental Protection Law. For the power industry, investment in environmental protection will further increase as more stringent requirements will be imposed on the operation of environmental friendly facilities.

In this regard, the Company will place a great emphasis on environment protection from a corporate sustainability and development perspective. In particular, the Company will strictly implement the requirements of the Environment Protection Law and accelerate the implementation of ultra-low-emission projects, monitor environmental indexes, in order to standardize the management of the operation and maintenance of environmental facilities, and to improve on the operation rate and efficiency of environmental protection facilities, so as to ensure standard-compliant emissions. By adhering to the principle of safety and reliability, mature technology and cost-efficiency, the Company will continue to optimize and refine technical improvement, and continuously advance the implementation of environmental technical improvement.

Chen Bin
Executive Director, General Manager

Beijing, the PRC
24 March 2016

Directors, Supervisors and Senior Management

As at the date of this report, the biographies of the directors of the Company ("**Director**"), supervisors and senior management of the Company are as follows:

DIRECTORS

Mr. Li Qingkui, Chinese, born in March 1956, graduated from Shandong University, is a senior engineer and on-the-job postgraduate. Mr. Li is currently the Chairman and a non-executive Director of the Company and the President and a secretary of Party Committee of China Huadian Corporation. Mr. Li had served in the Power Bureau of Shandong Province and its affiliated Shandong Zhanhua Power Plant and Shandong Heze Power Plant, Discipline Inspection Groups of the Ministry of Supervision and the Central Commission for Discipline Inspection to the Ministry of Electric Power Industry and the State Power Corporation of China, and China Guodian Corporation. Mr. Li has over 30 years of experience in electric power generation management.

Mr. Chen Jianhua, Chinese, born in May 1960, is a senior engineer with a Doctor's degree. Mr. Chen graduated from Xi'an Jiaotong University. He is currently a Vice Chairman and a non-executive Director of the Company and a deputy general manager of China Huadian Corporation. Before joining the Company, Mr. Chen had worked at Qingdao Power Plant and Shandong Electric Power Group Corporation. He has over 30 years of experience in power generation, operating management and securities finance.

Ms. Wang Yingli, Chinese, born in September 1961, is a senior engineer and holds a MBA degree. Ms. Wang is currently a Vice Chairman and a non-executive Director of the Company, a member of the standing committee of the Party Committee of Shandong Luxin Investment Holdings Group Co., Ltd., and the party secretary and general manager of Shandong International Trust Co., Ltd. She is also a director of Jinan International Airport Co., Ltd., Shandong Nuclear Power Company Ltd. and Shandong Airline Group Co., Ltd., respectively. Ms. Wang had worked at Shandong University, Shandong International Trust Co., Ltd. and Shandong Luxin Investment Holdings Group Co., Ltd.. Ms. Wang commenced her career in 1981 and has over 30 years of experience in macroeconomics, trust and investment management.

Mr. Chen Bin, Chinese, born in November 1958, a senior engineer with a Bachelor's degree in Law, graduated from Hebei University. Mr. Chen is currently an executive Director and a general manager of the Company. Mr. Chen joined the People's Liberation Army of China in 1976. From 1980, Mr. Chen has successively worked at Hangzhou Zhakou Power Plant, Power Bureau of Zhejiang Province, Hangzhou Banshan Power Plant, Hangzhou Banshan Power Generation Company Limited, Zhejiang Representative Office of China Huadian Corporation and China Huadian Corporation. Mr. Chen has over 30 years of experience in power management.

Mr. Geng Yuanzhu, Chinese, born in November 1964, is a senior engineer with a Master's degree. Mr. Geng graduated from Shangdong University of Technology. He is currently an executive Director and a deputy general manager of the Company. Mr. Geng has successively worked at Shandong Weifang Power Plant, Shandong Zouxian Power Plant, Hainan Luneng Guangda Properties Co., Ltd., Huadian Power International Corporation Limited, Guizhou Wujiang Hydropower Development Company Limited, Guizhou Qianyuan Power Co., Ltd., and China Huadian Corporation. Mr. Geng has 28 years of experience in power production and operation management.

Mr. Gou Wei, Chinese, born in June 1967, a senior engineer graduated from North China Electric Power University with a master's degree. Mr. Gou is currently a non-executive Director of the Company and the head of the Economic Operation and Coordination Department of China Huadian Corporation. Mr. Gou had previously worked at Jiangyou Electric Power Plant, Sichuan Guang'an Power Generation Co., Ltd., Huadian Power International Corporation Limited, Hubei branch of China Huadian Corporation and Huadian Hubei Power Co., Ltd.. Mr. Gou has 27 years of experience in power production and operation management.

Mr. Chu Yu, Chinese, born in August 1963, an engineer, graduated from Shanghai Electric Power College. Mr. Chu is currently a non-executive Director of the Company and the head of Financial and Risk Management Department of China Huadian Corporation, the chairman of China Huadian Finance Corporation Limited, a director of Huadian Property Co., Ltd., Huadian Tendering Co. Ltd, and Guizhou Wujiang Hydropower Development Company Limited. He had worked at Yangzhou Power Plant, Yangzhou Power Generation Co., Ltd., China Huadian Jiangsu Branch and China Huadian Corporation. He has 30 years of experience in power production and operation management.

Mr. Ding Huiping, Chinese, born in June 1956, is a professor and Ph.D. tutor and is concurrently an independent non-executive Director of the Company, the Head of PRC Enterprise Competitiveness Research Center of Beijing Jiaotong University, an independent director of China Merchants Securities Co., Ltd, and an independent director of Metro Land Corporation Ltd.. Mr. Ding graduated from Northeastern University with a bachelor's degree in Engineering in February 1982. He studied in Sweden since 1987 and acquired an associate doctoral degree in Industry Engineering in 1991, a doctoral degree in Enterprise Economics in 1992 and conducted postdoctoral research. He has been working at Economic and Management School of Northern Jiaotong University (presently known as Beijing Jiaotong University) since 1994. Research directions: theory of enterprise economics and innovative management, investment and financing decisions and assessment of enterprise values, business strategies and supply chain management of enterprises.

Mr. Zhang Ke, Chinese, born in February 1978, obtained a bachelor's degree in Monetary Banking from Qingdao University. He is currently a non-executive Director of the Company, a deputy general manager of the infrastructure fund management department of Shandong International Trust Co., Ltd and a director of Huadian Weifang Power Generation Company Limited, a director of Hudian Longkou Power Generation Company Limited, a director of Shanxi Lujin Wangqu Power Generation Co., Ltd., a director of and Huadian Laizhou Power Generation Company Limited, a director of China United Cement Lunan Company Limited and a director of Hanji Railway Co., Ltd.. Mr. Zhang started his career in 2001 and has been serving for Shandong International Trust Co., Ltd for years and gained many years of experience in fields such as funds, investment and financing, securities.

Mr. Wang Dashu, Chinese, born in September 1956, obtained a master's degree in Economics from Peking University and a doctoral degree in Economics from La Trobe University in Australia. He is currently a non-executive Director of the Company, a professor at School of Economics of Peking University and a special researcher at Sichuan Market Regulatory Research Centre of the State Administration for Industry and Commerce (國家工商總局四川市場監管研究院). He served as a visiting professor at Standford University in the U.S., a coordinator for PRC projects of United Nations Industrial Development Organization and a project consultant of Asian Development Bank. He is specialized in fields such as of Economics, Public Finance, Finance, Marketing, Demography.

Directors, Supervisors and Senior Management (Continued)

Mr. Wei Jian, Chinese, born in July 1969, a doctor in Economics. He is currently a non-executive Director of the Company, a professor of Economics at the Centre for Economic Research Shandong University, the deputy dean of Shandong School of Development at Shandong University and the chief editor of "Journal of Shandong University (Philosophy and Social Science)". In 2006, he was appointed as a doctoral tutor and was awarded the New Century Excellent Talents by the Ministry of Education. In 2008, he was listed as an expert entitling special allowance granted by the State Council. He is specialized in Economics, Regional Economics and Capital Market.

Mr. Zong Wenlong, Chinese, born in October 1973, a doctor of Accountancy. He is currently a non-executive Director of the Company, a professor at the School of Accountancy of Central University of Finance and Economics. He served as an independent director of Ningbo Ligong Online Monitoring Technology Co., Ltd. and currently serves as an independent director of Beijing Transtrue Technology Inc. (北京真視通科技股份有限公司) and an independent director of Beijing Dongfang Guoxin Technology Co., Ltd. (北京東方國信科技股份有限公司). He is specialized in the theories and practices of Accountancy, particularly enterprise accounting standards, the financial and accounting policies on non-profit organizations.

SUPERVISORS

Mr. Li Xiaopeng, Chinese, born in March 1973, is a senior economist with a Master's degree, Mr. Li is currently a supervisor of the Company, deputy director of Property Right Management Department of Shandong Luxin Investment Holdings Group Co., Ltd., while concurrently acting as a director of Shanxi Lujin Wangqu Power Generation Co., Ltd. and Hanji Railway Co., Ltd.. Mr. Li started his career in 1995 and has successively worked in Shandong International Trust Co., Ltd and Shandong Luxin Investment Holdings Group Co., Ltd.. He has many years of experience in fields such as fund, investment, financing and securities.

Mr. Peng Xingyu, Chinese, born in February 1962, is a Chinese Certified Public Accountant and a senior accountant. He graduated from Wuhan University with a Master's degree in Economics. Mr. Peng is currently a supervisor of the Company, chief auditor of China Huadian Corporation, and the chairman of the supervisory committee of Huadian Coal Industry Group Company Limited. Mr Peng had worked at Huazhong Electric Power Management Bureau, China Huazhong Electric Power Group Company and Hubei Electric Power Company. He has over 30 years of experience in fields such as power finance, assets, corporate operation and capital operation.

Mr. Chen Bin, Chinese, born in September 1973, graduated from Guanghua School of Management, Peking University with a Master's degree in Economics and Management. He currently serves as a supervisor of the Company and director of the Work Committee of the Company. Mr. Chen had successively served as a deputy director of the Secretariat of the General Manager Office of China Guodian Corporation and an assistant to general manager of Guodian Finance Corporation Ltd.. Mr. Chen Bin has 19 years of experience in the power generation industry.

Ms. Wei Aiyun, Chinese, born in January 1962, obtained her master's degree from Wuhan University. She is a senior accountant and is currently the head of the Audit Department of the Company, the chairman of the Supervisory Committee of Huadian Hubei Power Generation Company Limited, the convener of the Supervisory Committee of Huadian Qingdao Power Generation Company Limited, a supervisor of Huadian International Materials Company Limited, Huadian International Project Company Limited and Huadian International Shandong Information Company Limited. Ms. Wei started her career in 1981 and successively served for Shandong Zouxian Power Plant, Shandong Weifang Power Plant, Huadian Weifang Power Generation Company Limited and Huadian Power International Corporation Limited. She has over 30 years of experience in power production and operation management.

Mr. Zha Jianqiu, Chinese, born in August 1969. He is a certified public accountant, certified asset valuer, senior accountant, certified internal auditor and an independent supervisor of the Company. He graduated from Nanjing Audit University and obtained a master's degree in Business Administration from Guanghua School of Management of Peking University and a doctoral degree in Corporate Management from the Economics and Management School of Beijing Jiaotong University. After graduation, he worked for the National Audit Office of the PRC. He was a partner to Crowe Horwath CPA and a general manager of Overseas Business Department. He was a special technical assistant to the chairman of the Supervisory Committee of State-owned Enterprise of the State Council, an independent director of IRICO Group Electronics Company Limited and the chairman of the Audit Committee and a council member of the Certified Management Committee of Beijing Institute of Certified Public Accountants. He is currently the director of the Department of International Liaison of Ruihua Certified Public Accountants. As a certified public accountant, he has extensive experience in fields such as financial management and auditing.

SECRETARY TO THE BOARD

Mr. Zhou Lianqing, Chinese, born in November 1960, a senior engineer and a graduate from Shandong University with a Master's degree. Mr. Zhou is currently the secretary to the Board of the Company and an associate member of the Hong Kong Institute of Company Secretaries. Mr. Zhou started his working career in 1982. Before joining the Company, Mr. Zhou had worked at the Shandong Xindian Power Plant and Shandong Electric Power Group Corporation. He has over 30 years of experience in electric power generation, management, laws and regulations, finance, investor relations, securities management and many other sectors.

SENIOR MANAGEMENT

Mr. Peng Guoquan, Chinese, born in October 1966, a senior engineer with a Master's degree, graduated from Huazhong University of Science and Technology, majoring in thermal energy and power. Mr. Peng is currently a deputy general manager of the Company. Mr. Peng concurrently serves as the chairman of Anhui Wenhui New Products Promotion Company Limited and Anhui Hualin International Energy Company Limited, the vice chairman of CNNP CHD Hebei Nuclear Power Co., Ltd, and a director of Huadian International Shandong Information Management Company Limited (華電國際山東信息管理有限公司). Before joining the Company, Mr. Peng had served in Qingshan Thermal Power Plant, Wuchang Thermal Plant and Anhui Huadian Wuhu Power Company Limited. Mr. Peng has 27 years of experience in power production and management.

Mr. Xing Shibang, Chinese, born in June 1960, a professorate senior engineer with a master's degree. He graduated from Xi'an Jiaotong University majoring in Business Administration. Mr. Xing is currently a deputy general manager of the Company. Mr. Xing had served as electricity operating director and director of Power Generation Department of Shiliquan Plant, the head of Production Department of Huadian Power International Corporation Limited, factory manager of Laicheng Plant and general manager of Huadian Weifang Power Generation Company Limited. Mr. Xing has over 30 years of experience in power production and operation management.

Directors, Supervisors and Senior Management (Continued)

Mr. Chen Cunlai, Chinese, born in November 1962, is a Master's degree holder, senior economist and senior accountant. Graduated from North China Electric Power University majoring in Business Administration, Mr. Chen is currently the chief financial officer of the Company and a director of China Huadian Finance Corporation Limited. Mr. Chen had served as director of Planning and Budgeting Department, deputy chief economist, deputy chief accountant and assistant to factory manager of Zouxian Plant. He had also served as the head of Supervision & Audit Department, the head of HR Administration Department, deputy chief accountant and the head of Financial Department of the Company. Mr. Chen has over 30 years of experience in power production, operation management and financial management.

Mr. Wang Huiming, Chinese, born in October 1962, is a doctor's degree holder and researcher level senior engineer, and graduated from China University of Mining and Technology. Mr. Wang is currently a deputy general manager of the Company and the chairman of Shanxi Maohua Energy Investment Company Limited. Mr. Wang had engaged in the production, operation and management in Xuzhou Mining Bureau; he was the chairman and general manager of Jiangsu Huamei Engineering Construction Group Co., Ltd., chairman and general manager of Jiangsu Mining and Engineering Corporation, deputy general manager and party member of Huadian Shanxi Energy Co., Ltd.. Mr. Wang has over 30 years of experience in the construction, production, operation and management of coal mines.

Mr. Xie Yun, Chinese, born in November 1963, a professorate senior engineer, graduated from Thermal Engineering Department of Tsinghua University with a bachelor's degree. Mr. Xie is currently a deputy general manager and chief engineer of the Company. Mr. Xie concurrently serves as an executive director of Huadian Zhejiang Longyou Thermal Power Company Limited and Huadian International Shandong Project Company Limited and as the chairman of Anhui Huadian Lu'an Power Generation Company Limited, Tianjin Huadian Nanjiang Thermal Power Company Limited, Tianjin Huadian Tiantou Heating Company Limited, an executive director of Huadian International Shandong Materials Company Limited and Ningxia Huadian Yongli Power Generation Company Limited. Before joining the Company, Mr. Xie successively served in the Huabei Electricity Research Institute, Safe Production Department of the Ministry of Power, Generation and Transmission Operation Department of State Electric Power Corporation and Production Operation Department of China Huadian Corporation. He has 29 years of experience in scientific research, production and management of electric power.

Management Discussion and Analysis

(1) MACROECONOMIC CONDITIONS AND ELECTRICITY DEMAND

According to preliminary calculation based on relevant information and statistics, the GDP of the PRC in 2015 amounted to RMB67,670.8 billion, representing an increase of 6.9% over 2014 determined based on comparable prices. Total electricity consumption amounted to 5,550 billion KWh, representing a year-on-year increase of 0.5% and a decrease of 3.3 percentage points in growth rate over 2014. The consumption by the primary industry accounted for 102 billion KWh, representing a year-on-year increase of 2.5%; secondary industry accounted for 4,004.6 billion KWh, representing a year-on-year decrease of 1.4%; and tertiary industry accounted for 715.8 billion KWh, representing a year-on-year increase of 7.5%; and the consumption by urban and rural residents accounted for 727.6 billion KWh, representing a year-on-year increase of 5.0%.

(2) TURNOVER

In 2015, the Group strengthened its management, actively strove for planned output and optimized scheduling. The total volume of on-grid power for the year was 170.92 million MWh, representing an increase of approximately 1.29% over 2014. Turnover for the year amounted to approximately RMB66,789 million, representing a decrease of approximately 1.46% over 2014. The decrease in turnover was mainly due to the decrease in the utilization hours of coal-fired generating units and on-grid price.

(3) MAJOR OPERATING EXPENSES

In 2015, the operating expenses of the Group amounted to approximately RMB48,801 million, representing a decrease of approximately 8.02% over 2014. The particulars are as follows:

The principal contributor to the operating expenses of the Group was fuel costs, which amounted to approximately RMB25,640 million in 2015, representing a decrease of approximately 21.82% over 2014. The fuel cost accounted for approximately 52.54% of the Group's operating expenses, representing a decrease of approximately 9.27 percentage points over 2014. The Group's unit price of standard coal for furnace decreased by 21.89% over 2014.

Cost of coal sold of the Group amounted to approximately RMB1,258 million in 2015, representing an increase of approximately 77.93% over 2014. This was mainly due to the increase of newly-acquired companies.

Depreciation and amortisation expenses of the Group amounted to approximately RMB9,229 million in 2015, representing an increase of approximately 14.42 % over 2014. This was mainly due to the commencement of operation of new generating units and the increase in depreciation and amortisation of reconstruction projects.

Repairs, maintenances and inspection expenses of the Group amounted to approximately RMB3,090 million in 2015, representing an increase of approximately 8.92% over 2014. This was mainly due to the increase of newly-acquired companies and the commencement of operation of new generating units.

Personnel costs of the Group amounted to approximately RMB4,261 million in 2015, representing an increase of approximately 14.20% over 2014. This was mainly due to the increase in both newly-acquired companies and employee wage levels.

Administration expenses of the Group amounted to approximately RMB3,596 million in 2015, representing an increase of approximately 6.37% over 2014, which was mainly due to the increase of newly-acquired companies and impairment of assets.

Tax and levies on operation by the Group amounted to approximately RMB615 million in 2015, representing an increase of approximately 27.68% over 2014, which was mainly due to the decrease in coal price, resulting in the decrease in deducted input tax.

(4) INVESTMENT INCOME

Investment income of the Group amounted to approximately RMB56.41 million in 2015, representing a decrease of approximately 66.27% over 2014, which was mainly due to gains generated from the disposal of a subsidiary and an associate of the Company in 2014.

(5) OTHER NET INCOME

Other net income of the Group represented a net loss amounting to approximately RMB186 million in 2015, representing a decrease of approximately 43.03% over 2014, which was mainly due to the decrease in losses incurred from disposal of assets.

(6) SHARE OF PROFIT OF ASSOCIATES AND A JOINT VENTURE

In 2015, profit of associates and a joint venture attributable to the Group amounted to approximately RMB318 million, representing a decrease of approximately 55.46% over 2014. This was mainly due to the increase in losses from coal mines invested by the Group.

(7) FINANCE COSTS

Finance costs of the Group in 2015 amounted to approximately RMB5,850 million, representing a decrease of approximately 7.41% over 2014. This was mainly due to the decrease in cost of capital and interest-bearing debts.

(8) INCOME TAX

Income tax of the Group in 2015 amounted to RMB3,158 million, representing an increase of approximately 63.08% over 2014, which was mainly due to the impact of increase in the Group's profit.

(9) PLEDGE AND MORTGAGE OF ASSETS

As at 31 December 2015, the Company's subsidiaries, including Qingdao Company, Zibo Wind Power Company, Changyi Wind Power Company, Zhangjiakou Wind Power Company, Guang'an Company, Lingwu Company, Suzhou Company, Luding Hydropower Company, Wuhu Company, Hangzhou Banshan Company, Za-gunao Hydroelectric Company, Zhongning Company, Shuiluohe Company, Ningxia New Energy Company, Laizhou Wind Power Company, Huadian Xisaishan Power Generation Company, Hubei Jiangling Power Generation Company Limited and Huangshi Thermal Power Plant, have altogether pledged their income stream in respect of the sale of electricity, and trade receivables for sale of electricity as security for loans amounting to approximately RMB20,698 million.

As at 31 December 2015, the generating units and relevant equipment, land use rights and mining rights of Pingshi Power Company, Shuiluohe Company and Shanxi Maohua Energy Investment Company Limited were mortgaged to secure their loans amounting to RMB3,088 million.

(10) INDEBTEDNESS

As at 31 December 2015, the total borrowings of the Group amounted to approximately RMB84,955 million, of which borrowings denominated in US dollars and Euro amounted to approximately US$112 million and approximately EUR19 million, respectively. The liabilities to assets ratio was 72.35%, representing a decrease of approximately 4.91 percentage points compared to 2014. Borrowings of the Group were mainly of floating rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB21,124 million, and long-term borrowings due after one year amounted to approximately RMB63,831 million. The closing balance of short-term and super short-term debenture payables of the Group amounted to approximately RMB15,756 million, and the medium-term notes (including the portion due within one year) and the closing balance of debt financing instruments issued through non-public offering to target subscribers (including the portion due within one year) amounted to approximately RMB14,055 million. The closing balance of obligations under finance lease of the Group amounted to RMB3,496 million, increased by RMB423 million or 13.78% as compared with last year.

(11) CONTINGENT LIABILITIES

As at 31 December 2015, Guang'an Company, a subsidiary of the Company, provided guarantees to banks for loans amounting to approximately RMB70 million to Sichuan Huayingshan Longtan Coal Company Limited ("**Longtan Coal Company**"), an associate of Guang'an Company.

(12) PROVISION

Provision represents the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry standards and historical experience. As at 31 December 2015, the balance of the Group's provision amounted to RMB93 million.

(13) CASH FLOW ANALYSIS

In 2015, the net cash inflow from operating activities of the Group amounted to approximately RMB23,206 million, increased by approximately RMB6,203 million over 2014, mainly due to the lower procurement prices of coal in 2015; the net cash outflow used in investing activities amounted to approximately RMB16,186 million, decreased by approximately RMB2,393 million over 2014, mainly due to the increase in dividend income and the decrease in expense of construction projects of the Group in 2015; the net cash outflow from financing activities amounted to approximately RMB2,988 million, varied by approximately RMB6,848 million over the net cash inflow from financing activities amounting to approximately RMB3,860 million in 2014, mainly due to the repayment of the matured bonds and the increase of bank loans as well as the increase in dividend distribution of the Group in 2015.

(14) IMPAIRMENT LOSS

In 2015, the impairment loss of the Group amounted to approximately RMB1,689 million, mainly due to the provision for impairment of the Group's coal mines assets.

The board of directors of the Company (the "**Board**") is of the view that the provision for asset impairment is based on the principle of prudence, is well-founded, and fairly reflects the asset conditions of the Company and therefore approved the provision for asset impairment.

Directors' Report

The Board has the pleasure in presenting the annual report together with the audited financial statements of the Group for the year ended 31 December 2015 (the "**Year**").

PRINCIPAL ACTIVITIES

The Group is principally engaged in the generation and sale of electricity and heat, sales of coal and other relevant businesses in the PRC. All electricity generated is supplied to the grid companies where the plants are located. The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in this financial information. The profit of the Group for the year ended 31 December 2015 and the Group's and the Company's financial positions as of that date prepared in accordance with IFRSs are set out on pages 46 to 122 of the annual report.

STATUTORY SURPLUS RESERVE

According to the Company's articles of association (the"**Articles of Association**"), the Company is required to transfer at least 10% (at the discretion of the Board) of its profit after tax, as determined under the PRC accounting rules and regulations, to its statutory surplus reserve until the surplus reserve balance reaches 50% of its registered capital. The transfer to the statutory surplus reserve must be made before the distribution of dividend to shareholders. The statutory surplus reserve can be used to make up losses (if any) of the previous year and may be converted into share capital by issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after the issue of new shares is not less than 25% of the registered share capital. On 24 March 2016, the Board resolved to transfer 10% of the annual profit after tax as determined under the PRC accounting rules and regulations, amounting to RMB691,157,000 (2014: RMB220,173,000), to the statutory surplus reserve.

DIVIDENDS

Pursuant to a resolution passed at the Board meeting held on 24 March 2016, the Board proposes to declare a final cash dividend of RMB0.300 per share (tax inclusive, based on the total share capital of 9,862,976,653 shares) for the financial year ended 31 December 2015, totalling RMB2,958,892,996 (tax inclusive). The total dividend accounts for approximately 40% of the profit for the year attributable to equity shareholders of the Company for 2015. The dividend distribution proposal is subject to the approval by the shareholders at the 2015 annual general meeting.

SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

Particulars of the Company's subsidiaries, associates and a joint venture as at 31 December 2015 are set out in notes 22 and 23 respectively to the financial statements prepared in accordance with IFRSs included in this annual report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group and the Company as at 31 December 2015 are set out in note 32 to the financial statements prepared in accordance with IFRSs included in this annual report.

INTEREST CAPITALISED

Details relating to the interest capitalised by the Group during the year 2015 are set out in note 9 to the financial statements prepared in accordance with IFRSs included in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details relating to movements in property, plant and equipment of the Group and those of the Company during the year 2015 are set out in note 17 to the financial statements prepared in accordance with IFRSs included in this annual report.

RESERVES

Details relating to movements in reserves of the Group and the Company for the year ended 31 December 2015 are set out in the consolidated statement of changes in equity in the financial statements and note 40(c) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report respectively.

DONATIONS

During the year of 2015, the Group made donations for charitable purposes in an aggregate amount of approximately RMB1,800,000 (2014: RMB900,000).

ENVIRONMENTAL PROTECTION POLICIES

From a corporate sustainability and development perspective, the Group places a great emphasis on environmental protection, strictly implements the Environmental Protection Law and focuses on the upgrade of environmental technology to strengthen the regulation of environmental indicators. The Group standardizes the management of the operation and maintenance of environmental facilities, improves the operation rate and efficiency of environmental protection facilities, so as to ensure standard-compliant emissions. Adhering to the principle of "safety and reliability, mature technology and cost-efficiency", the Group will continue to optimize and refine technical improvement, and continuously advance the implementation of environmental technical improvement.

In 2015, the Group completed the denitrification upgrade of 14 generating units, the desulfurization upgrade of 10 generating units and the dust removal upgrade of 19 generating units. As at the date of this report, a total of 17 generating units of the Group fulfilled the requirements of ultra-low emission in terms of major pollutant emission.

RETIREMENT PLANS

The Group is required to contribute to the retirement plans operated by the State at a range of 15% to 20% of the staffs' salaries. After reaching retirement age and handling retirement procedures, a member of the plan is entitled to receive from the State a pension. In addition, the Group's staff has participated in an enterprise annuity plan managed by annuity council of China Huadian Corporation ("**China Huadian**") to supplement the above-mentioned plan. The Group's contribution to these plans amounted to RMB657 million during the year of 2015.

EMPLOYEES' MEDICAL INSURANCE

During 2015, there was no change in employees' medical insurance policies of the Group as compared with that of 2014. The Group anticipates that implementation of the above medical insurance will not have any significant impact on the business operation and financial position of the Group. Apart from the above contributions, the Group is not required to pay any other medical expenses for its staff.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, there was no rule relating to pre-emptive right in the Company which requires the Company to offer or issue new shares to its existing shareholders in proportion to their respective shareholdings in the Company.

SHARE CAPITAL

Details of the share capital of the Company for the year 2015 and as at 31 December 2015 are set out in the Company's statement of changes in equity in the financial statements prepared in accordance with IFRSs and note 40(b) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year of 2015, details regarding the percentages of the Group's sales and purchases attributable to its major customers and major suppliers, respectively, are as follows:

	Approximate Percentage in the Group's Sales	Purchases
The largest customer	43.67%	
The five largest customers combined	70.67%	
The largest supplier		5.22%
The five largest suppliers combined		18.77%

None of the Directors, their close associates or substantial shareholders of the Company (each of which to the knowledge of the Directors owns 5% or more of the Company's share capital) had any interest in the five largest suppliers and customers of the Group at any time during the year.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, each of the following persons, not being a Director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 31 December 2015 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2015, or was a substantial shareholder of the Company as at 31 December 2015 (as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**")).

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A shares	4,534,199,224(L)	45.97%	55.66%	–
	H shares	85,862,000(L) *(Note)*	0.87%	–	5.00%
Shandong International Trust Co., Ltd	A shares	800,766,729(L)	8.12%	9.83%	–
JPMorgan Chase & Co.	H shares	155,089,026(L)	1.57%	–	9.03%
		2,160,000(S)	0.02%	–	0.13%
		68,624,737(P)	0.70%	–	4.00%
AllianceBernstein L.P.	H shares	120,800,570(L)	1.22%	–	7.03%
Morgan Stanley	H shares	90,334,070(L)	0.92%	–	5.26%
		7,069,683(S)	0.07%	–	0.41%
BlackRock, Inc.	H shares	89,314,960(L)	0.91%	–	5.20%

(L) = long position
(S) = short position
(P) = lending pool

Note: So far as the directors of the Company are aware or are given to understand, these 85,862,000 H shares were held by a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited through CCASS in the name of HKSCC Nominees Limited.

Save as disclosed above and so far as the Directors are aware, as at 31 December 2015, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors believe that the Company has maintained the relevant applicable minimum percentage of listed securities as prescribed by Rule 8.08 of the Hong Kong Listing Rules.

DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors, supervisors and senior management of the Company for the financial year ended 31 December 2015 and as at the date of this report. All Directors and supervisors are currently serving a term of three years, renewable upon reelection and re-appointment every three years.

Name	Position in the Company	Changes
Li Qingkui	Chairman, Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Chen Jianhua	Vice Chairman, Non-executive Director	Re-elected and appointed as the Director at the annual general meeting held on 30 May 2014 Resigned as the General Manager and appointed as a non-executive Director at the seventh meeting of the seventh session of the Board held on 30 March 2015
Wang Yingli	Vice Chairman, Non-executive Director	Re-elected and appointed as the Director at the annual general meeting held on 30 May 2014 Appointed as the Vice Chairman at the tenth meeting of the seventh session of the Board held on 26 May 2015
Chen Bin	Executive Director, General Manager	Re-elected and appointed as the Director at the annual general meeting held on 30 May 2014 Appointed as the General Manager and an executive Director at the seventh meeting of the seventh session of the Board held on 30 March 2015
Geng Yuanzhu	Executive Director, Deputy General Manager	Appointed as the Deputy General Manager at the sixteenth meeting of the sixth session of the Board held on 26 April 2013 Re-elected and appointed as the Director at the annual general meeting held on 30 May 2014
Gou Wei	Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Chu Yu	Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Zhang Ke	Non-executive Director	Appointed at the annual general meeting held on 26 May 2015
Ding Huiping	Independent Non-executive Director	Appointed upon election at the annual general meeting held on 30 May 2014
Wang Dashu	Independent Non-executive Director	Appointed at the annual general meeting held on 26 May 2015
Wei Jian *(Note)*	Independent Non-executive Director	Appointed at the annual general meeting held on 26 May 2015
Zong Wenlong	Independent Non-executive Director	Appointed at the annual general meeting held on 26 May 2015
Chen Dianlu	Former Vice Chairman, Former Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014 Resigned at the annual general meeting held on 26 May 2015
Wang Yuesheng	Independent Non-executive Director	Resigned at the annual general meeting held on 26 May 2015
Ning Jiming	Independent Non-executive Director	Resigned at the annual general meeting held on 26 May 2015
Yang Jinguan	Independent Non-executive Director	Resigned at the annual general meeting held on 26 May 2015
Li Xiaopeng	Chairman of the Supervisory Committee	Re-elected and appointed at the annual general meeting held on 30 May 2014
Peng Xingyu	Supervisor	Re-elected and appointed at the annual general meeting held on 30 May 2014
Chen Bin	Supervisor	Re-elected and appointed at the annual general meeting held on 30 May 2014
Wei Aiyun	Supervisor	Elected through democratic means on 25 May 2015
Li Jinghua	Independent Supervisor	Appointed at the annual general meeting held on 26 May 2015 Resigned on 28 December 2015
Zha Jianqiu	Independent Supervisor	Appointed at the annual general meeting held on 26 May 2015
Zhou Lianqing	Secretary to the Board	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Peng Guoquan	Deputy General Manager	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Xing Shibang	Deputy General Manager	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Chen Cunlai	Chief Financial Officer	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Wang Huiming	Deputy General Manager	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Xie Yun	Deputy General Manager, Chief Engineer	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014

Note: Due to work requirement, Mr. Wei Jian has tendered his resignation from the position as an independent non-executive Director of the seventh session of the Board,The resignation will only be effective on the date on which a new independent non-executive Director is elected at the 2015 annual general meeting of the Company.

The Directors' and Supervisors' remunerations for the year ended 31 December 2015 are set out in note 11 to the financial statements prepared in accordance with IFRSs included in this annual report.

The biographical details of the existing Directors, supervisors and members of senior management of the Company, including essentially the particulars required under paragraph 12 of Appendix 16 to the Hong Kong Listing Rules (if and as applicable and appropriate), are set out on pages 13 to 17 in this annual report.

Each of the independent non-executive Directors has issued a confirmation in respect of the factors set out in Rule 3.13 of the Hong Kong Listing Rules concerning his independence pursuant to Rule 3.15 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

As at 31 December 2015, the interests or short positions of the directors, supervisors, chief executives or members of the senior management of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules adopted by the Company (the "**Model Code**"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	Position in the Company	Holding of number of A shares and individual interests of the Company	Identity of A shares held
Gou Wei	Non-executive Director	10,000 *(Note)*	Beneficial owner

Note: Accounting for approximately 0.0001% of the total issued A shares of the Company as at 31 December 2015

Save as disclosed above, as at 31 December 2015, none of the Directors, supervisors, chief executives or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which the Director, supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or (iii) which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (which for this purpose shall be deemed to apply to the supervisors to the same extent as it applies to the Directors of the Company).

In 2015, the Company adopted the behaviour codes of the security trading carried out by the Directors in accordance with the same terms of the Model Code. After careful inquiries with all Directors, the Company was aware that the Directors have complied with the required standards set out in the Model Code.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance or proposed contract of significance, to which the Company or any of its subsidiaries and holding company was a party and in which a Director or supervisor had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year. None of the Company or its subsidiaries had provided any loan or quasi-loan to any Director or other members of senior management of the Company.

PERMITTED INDEMNITY PROVISIONS

In 2015, the Company has purchased liability insurance for its Directors and supervisors to provide certain guarantee to the Directors and supervisors of the Company.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered service contracts with its Directors and supervisors. No Director or supervisor has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACT

In 2015, there was no management or administration contract in respect of all or substantial part of the Company's business

SIGNIFICANT EVENTS

(1) Completion of Non-public Issuance of A Shares ("Non-public Issuance of A Shares") and A Shares Subscription by China Huadian ("A Shares Subscription")

On 8 September 2015, the Company completed the Non-public Issuance of A Shares. The Company placed a total number of 1,055,686,853 A shares to ten specified investors at the issue price of RMB6.77 per share. China Huadian, the controlling shareholder of the Company, subscribed for 211,137,371 A shares. Upon completion of the Non-public Issuance of A Shares, the total number of the shares of the Company increased from 8,807,289,800 shares to 9,862,976,653 shares.

The total proceeds raised from the Non-public Issuance of A Shares amounted to a total of approximately RMB7,147 million, with the net amount of approximately RMB7,050 million. As at 31 December 2015, 3,769 million of the proceeds raised have been used as planned in the Chongqing Fengjie Project, the Shiliquan Plant Expansion Project and to supplement the working capital of the Company.

For details, please refer to the announcements of the Company dated 29 December 2014, 13 February 2015, 2 July 2015, 7 August 2015 and 9 September 2015; and the circular dated 20 January 2015.

(2) Re-designation and Change of Directors, Supervisors and Senior Management

Pursuant to the provisions stipulated in laws and regulations, Mr. Chen Bin was re-designated as an executive Director of the Board (formerly a non-executive Director) and appointed as the general manager and authorized representative of the Company, effective upon the conclusion of the seventh meeting of the seventh session of the Board on 30 March 2015. Mr. Chen Bin's term of office as an executive Director will expire on the date when the seventh session of the Board expires. Mr. Chen Jianhua tendered his resignation as the general manager and authorized representative of the Company due to work re-arrangement and was re-designated as a non-executive Director (formerly an executive Director) since 30 March 2015, with a term of office until the expiry of the seventh session of the Board.

For details, please refer to the announcement of the Company dated 30 March 2015.

Mr. Chen Dianlu resigned as a non-executive Director of the Board and the Vice Chairman of the Company due to the reaching of retirement age. Pursuant to the provisions stipulated in laws and regulations, Mr. Zhang Ke was appointed as a non-executive Director of the Company, with a term of office from 26 May 2015 upon the conclusion of the 2014 annual general meeting to the date of expiry of the seventh session of the Board. Ms. Wang Yingli (a non-executive Director) was appointed as the Vice Chairman of the Company, with a term of office from 26 May 2015 upon the conclusion of the tenth meeting of the seventh session of the Board to the date of expiry of the seventh session of the Board.

Pursuant to the relevant requirements of the China Securities Regulatory Commission, an independent director's term of office shall not exceed six years consecutively. Each of the three independent non-executive Directors of the Company, namely, Mr. Wang Yuesheng, Mr. Ning Jiming and Mr. Yang Jinguan held his office for six years, and ceased to be the independent non-executive Directors of the Company, with effect from the conclusion of the AGM. Mr. Wang Dashu, Mr. Wei Jian and Mr. Zong Wenlong were appointed as independent non-executive Directors of the Company by the Board, each with a term of office from 26 May 2015 upon conclusion of the AGM ("**Annual General Meeting**") to the date of expiry of the seventh session of the Board. Due to work requirement, Mr. Wei Jian has tendered his resignation in February 2016 from the position as an independent non-executive Director and a member of the Remuneration and Appraisal Committee, the Nomination Committee and the Audit committee under the Board. The resignation will only be effective on the date on which a new independent non-executive Director is elected at the general meeting.

Pursuant to the relevant requirements of the laws, rules and regulations, and taking into account the actual condition of the Company, the Company appointed two new independent supervisors, namely, Mr. Li Jinghua and Mr. Zha Jianqiu, each with a term of office from 26 May 2015 upon conclusion of the AGM to the date of expiry of the seventh session of the supervisory committee. In accordance with laws, regulations and the Articles of Association, the employees of the Company elected Ms. Wei Aiyun as an employee representative supervisor of the Company, with a term of office from 25 May 2015 to the date of expiry of the seventh session of the supervisory committee. Due to work arrangement, Mr. Li Jinghua resigned as an independent supervisor of the Company in December 2015.

For details, please refer to the announcements of the Company dated 26 May 2015, 28 December 2015 and 22 February 2016.

(3) Acquisition of Equity Interest in Hubei Company (the "Acquisition")

On 15 May 2015, the Company and China Huadian entered into the Agreement in relation to the Transfer of 82.5627% Equity Interest in Huadian Hubei Power Generation Company Limited (the "**Equity Transfer Agreement**"). China Huadian conditionally agreed to sell, and the Company agreed to purchase, 82.5627% equity interest in the Hubei Company at a consideration of approximately RMB3,845 million, which will be paid by the Company in cash with its own funds. The transaction was considered and approved at the extraordinary general meeting of the Company held on 30 June 2015. On 1 July 2015, the equity transfer was completed and since then the Hubei Company was included in the financial statements of the Group. In accordance with the relevant terms in the Equity Transfer Agreement, China Huadian was entitled to or liable for the variance between the audited net assets of the Hubei Company at completion date and the corresponding appraised value which was considered in determining the consideration. As the net assets of the Hubei Company at completion date increased by approximately RMB359 million, the corresponding consideration increased by approximately RMB296 million, with the consideration being approximately RMB4,141 million after adjustments. China Huadian is the controlling shareholder of the Company, and thus a connected person of the Company according to the Hong Kong Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company.

Upon completion of the equity transfer, Hubei Company has become a subsidiary of the Company and the transactions below constitute continuous connected transactions of the Company:

(i) the existing continuing transactions between the Group on the one hand, and China Huadian and its associates on the other hand relating to the mutual provision of coal, equipment and other miscellaneous and related services constitute continuing connected transactions under the coal, equipment and services purchase (supply) framework agreement dated 6 November 2014 entered into between China Huadian and the Company;

(ii) the continuing transactions between the Group and China Huadian Corporation Finance Company Limited ("**Huadian Finance**") relating to provision of financial services constitute continuing connected transactions under financial services agreement dated 6 November 2014 entered into between Huadian Finance and the Company. On 15 May 2015, the Company and Huadian Finance entered into a supplemental agreement to the financial services agreement, with the existing annual cap increased to RMB7.5 billion;

(iii) Hubei Huadian (Xiangyang) Power Generation Company Limited ("**Xiangyang Power Generation**") (being the subsidiary of Hubei Company) became a subsidiary of the Company. Since Shaanxi Coal and Chemical Group Industry Group Co., Ltd. ("**Shaanxi Coal and Chemical Group**") is a substantial shareholder of Xiangyang Power Generation, Shaanxi Coal and Chemical Group is a connected person of the Company at the subsidiary level for the purpose of the Hong Kong Listing Rules. As Shaanxi Coal Selling and Transportation (Group) Corporation ("**Shaanxi Coal Transportation**") is a wholly-owned subsidiary of Shaanxi Coal and Chemical Group, Shaanxi Coal Transportation is also a connected person of the Company upon completion of the Acquisition for the purpose of the Hong Kong Listing Rules. On 15 May 2015, the Company and Shaanxi Coal Transportation entered into the Shaanxi coal purchase framework agreement. The continuing transactions between Shaanxi Coal Transportation and the Group relating to supply of coal under the Shaanxi coal purchase framework agreement constitute continuing connected transactions of the Company upon completion of the Acquisition.

For details, please refer to the announcements of the Company dated 6 November 2014, 15 May 2015 and 30 June 2015; and the circulars of the Company dated 27 November 2014 and 8 June 2015.

(4) Convening the Extraordinary General Meetings

The Company held the 2015 first extraordinary general meeting on 13 February 2015, which considered and approved the resolutions in relation to the proposed Non-Public Issuance of A Shares and Subscription of A Shares of the Company.

For details, please refer to the announcement of the Company in relation to the voting results of the 2015 first extraordinary general meeting dated 13 February 2015.

The Company held the 2015 second extraordinary general meeting on 30 June 2015, at which the Equity Transfer Agreement entered into between the Company and China Huadian and the Acquisition and transactions contemplated thereunder were considered and approved; the entering into by the Company of the supplemental agreement to financial services agreement with Huadian Finance and the continuing connected transaction contemplated thereunder together with the cap increment were considered and approved.

For details, please refer to the announcement of the Company in relation to the voting results of the 2015 second extraordinary general meeting dated 30 June 2015.

The Company held the 2015 third extraordinary general meeting on 28 December 2015, which considered and approved the resolution in relation to the amendments to the Articles of Association, and the entering into by the Company of the coal, equipment and services purchase (supply) framework agreement with China Huadian and the continuing connected transactions contemplated thereunder together with their respective annual caps.

For details, please refer to the announcement of the Company in relation to the voting results of the 2015 third extraordinary general meeting dated 28 December 2015.

(5) Amendments to the Articles of Association

On 28 December 2015, the Company held the 2015 third extraordinary general meeting, at which it considered and approved the amendments in the Articles of Association regarding the time of issue of certain laws and regulations, and the names of certain promoters, in accordance with the requirements of departments of the administration of industry and commerce and to reflect the changes to the names of certain shareholders, so as to comply with the requirements of the PRC laws and regulations as revised from time to time, and to improve the corporate governance of the Company.

For details, please refer to the announcements of the Company dated 27 October 2015 and 28 December 2015; the circular of the Company dated 8 December 2015 and the amended Articles of Association.

CONNECTED TRANSACTIONS

Pursuant to requirements of the Hong Kong Listing Rules, the connected transactions conducted by the Group for the year ended 31 December 2015 are as follows:

(1) Acquisition

On 15 May 2015, the Company and China Huadian entered into the Equity Transfer Agreement. China Huadian conditionally agreed to sell, and the Company agreed to purchase, 82.5627% equity interest in the Hubei Company at a consideration of approximately RMB3,845 million, which will be paid by the Company in cash with its own funds. The transaction was considered and approved at the extraordinary general meeting of the Company held on 30 June 2015. On 1 July 2015, the equity transfer was completed and since then the Hubei Company was included in the financial statements of the Group. In accordance with the relevant terms in the Equity Transfer Agreement, China Huadian was entitled to or liable for the variance between the audited net assets of the Hubei Company at completion date and the corresponding appraised value which was considered in determining the consideration. As the net assets of the Hubei Company at completion date increased by approximately RMB359 million, the corresponding consideration increased by approximately RMB296 million, with the consideration being approximately RMB4,141 million after adjustments.

China Huadian is the controlling shareholder of the Company, and thus a connected person of the Company according to the Hong Kong Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company.

For details of the connected transaction, please refer to (3) in "Significant Events".

(2) Subscription of A Shares

On 8 September 2015, the Company completed the Non-public Issuance of A Shares. The Company placed a total number of 1,055,686,853 A shares to ten specified investors at the issue price of RMB6.77 per share. China Huadian, the controlling shareholder of the Company subscribed for 211,137,371 A shares. Upon completion of the Subscription of A shares, China Huadian directly and indirectly, holds a total of 4,620,061,224 shares of the Company, representing approximately 46.84% of the then total enlarged issued share capital of the Company.

China Huadian is the controlling shareholder of the Company, thus a connected person of the Company according to the Hong Kong Listing Rules. Therefore, the Subscription of A shares constitutes a connected transaction of the Company.

For details of the connected transaction, please refer to (1) in "Significant Events".

(3) Capital Increase in Huadian Jinshajiang Upstream Hydropower Development Co., Ltd. ("Jinshajiang Hydropower Company") (the "Capital Increase")

On 7 July 2015, the Company entered into the capital increase agreement with Jinshajiang Hydropower Company, pursuant to which the Company will participate in the Capital Increase of Jinshajiang Hydropower Company. The Capital Increase was funded entirely by capital contributions by the existing shareholders of Jinshajiang Hydropower Company on a pro-rata basis. The Company shall contribute an amount of RMB72 million in cash, and shall pay the outstanding unpaid capital contribution of RMB8.27 million to Jinshajiang Hydropower Company. Upon completion of the Capital Increase, the equity interests held by the Company in the then enlarged registered capital of Jinshajiang Hydropower Company are expected to remain at 20%. Jinshajiang Hydropower Company River is a subsidiary of the Company's controlling shareholder, i.e., China Huadian, and thus a connected person of the Company according to the Hong Kong Listing Rules. Therefore, the Capital Increase in Jinshajiang Hydropower Company by the Company constitutes a connected transaction of the Company.

For details, please refer to the announcement of the Company dated 7 July 2015.

CONTINUING CONNECTED TRANSACTIONS

(1) Continuing Connected Transactions in Relation to Renewal of the Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian

A. Continuing connected transactions expected to be conducted in 2016:

On 12 November 2015, the Group and China Huadian renewed the Coal, Equipments and Services Purchase (Supply) Framework Agreement ("**Framework Agreement**"), which constituted all framework agreements for purchase of coal, engineering equipment, systems, products and EPC by the Company (including subsidiaries incorporated into the consolidated financial statements of the Company; the same applies below) from China Huadian (including its subsidiaries and invested companies directly or indirectly held as to 30% or more by it; the same applies below), provision of supplies procurement service, technical service, overhauls and maintenance service, financial agent service, property transaction agency services in the process of capital operations, CDM registration service, quota services and property management service at the headquarters of the Company by China Huadian to the Company (collectivley "**Miscellaneous and Relevant Services**") and supply of coal and provision of overhauls maintenance service, alternative power and relevant quota services by the Company to China Huadian. The term of the Framework Agreement commenced from 1 January 2016 and expires on 31 December 2016. Pursuant to the Framework Agreement, the annual cap for purchase of coal by the Group from China Huadian is RMB6.0 billion; the annual cap for provision of engineering equipments, systems, products and engineering and construction contracting projects, supplies procurement services and other miscellaneous and relevant services by the Group from China Huadian is RMB4.5 billion; and sale of coal and provision of services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian is RMB2.0 billion. China Huadian is a controlling shareholder of the Company, and thus a connected person of the Company according to Hong Kong Listing Rules. The connected transaction contemplated under the proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continuing connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcements dated 12 November 2015 and 28 December 2015 and the circular dated 9 December 2015 of the Company.

B. Continuing connected transactions conducted in 2015:

On 6 November 2014, the Group entered into the similar Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian, pursuant to which, during the period from 1 January 2015 to 31 December 2015, the annual cap for purchase of coal by the Group from China Huadian was RMB6.0 billion; the annual cap for provision of engineering equipment, systems, products and engineering and construction contracting projects, supplies procurement services and other miscellaneous and relevant services by the Group from China Huadian was RMB3.0 billion; the annual cap for sale of coal and provision of services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian was RMB2.0 billion.

In 2015, the actual amount of coal procurement by the Group from China Huadian was RMB3,942 million; the actual amount of provision of engineering equipments, systems, products, and engineering and construction contracting projects, supplies procurement service and other miscellaneous and relevant services by China Huadian was approximately RMB2,194 million, and the actual amount sale of coal, provision of maintenance services for generation units of the power plants, alternative power generation and relevant quota services to China Huadian by the Group was RMB226 million. China Huadian is a controlling shareholder of the Company, and thus a connected person of the Company according to Hong Kong Listing Rules. The connected transactions contemplated under the proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continuing connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcements dated 6 November 2014 and 23 December 2014 and the circular dated 27 November 2014 of the Company.

(2) Continued Implementation of the Financial Services Agreement with Huadian Finance and Entering into Supplementary Agreement

On 6 November 2014, the Group entered into the Financial Services Agreement with Huadian Finance a non wholly-owned subsidiary of China Huadian for a term of three years commencing from 1 January 2015 to 31 December 2017, pursuant to which Huadian Finance shall provide certain financial services (including deposit services, settlement services, loan services and other financial services) to the Group. Pursuant to the Financial Services Agreement, the maximum daily balance of the deposits placed by the Group with Huadian Finance was RMB6.0 billion and shall not be more than the average daily loan balance from Huadian Finance to the Group. China Huadian is a controlling shareholder of the Company, and thus a connected person of the Company. Huadian Finance is an associate of China Huadian, which hold 36.148% of its shares as at the date of the Financial Services Agreement, and thus, Huadian Finance is an associate of China Huadian and is a connected person of the Company according to the Hong Kong Listing Rules. The connected transactions contemplated under Financial Services Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continue connected transactions of the Company under the Hong Kong Listing Rules.

On 15 May 2015, the Group and Huadian Finance entered into the Supplemental Agreement to the Financial Services Agreement regarding the acquisition of equity interest in Hubei Company, pursuant to which, the maximum daily balance of the deposits placed by the Group with Huadian Finance was adjusted to RMB7.5 billion for a period from 1 January 2015 to 31 December 2017, and must not be lower than the average daily loan balance from Huadian Finance to the Group.

For details, please refer to the announcements dated 6 November 2014, 23 December 2014 and 15 May 2015 and the circulars dated 27 November 2014 and 8 June 2015 of the Company.

In 2015, the average daily balance of the deposits placed by the Group with Huadian Finance did not exceed RMB7.5 billion and was not more than the average daily loan balance from Huadian Finance to the Group.

(3) Continued Implementation of the Lease Agreement with Beijing Huabin Investment Company Limited ("Beijing Huabin")

On 6 November 2014, the Group renewed the Lease Agreement with Beijing Huabin Investment Co., Ltd. (a subsidiary of Huadian Property (a subsidiary of China Huadian)), pursuant to which, the Group would lease certain properties in Huadian Tower from Beijing Huabin for a term of three years commencing from 1 January 2015 to 31 December 2017 at an annual rental of approximately RMB49 million. China Huadian is a controlling shareholder of the Company, and thus a connected person of the Company. Beijing Huabin is a wholly-owned subsidiary of Huadian Property, and China Huadian holds 35% equity of Huadian Property at the date when the agreement was renewed. Therefore, Beijing Huabin is an associate of China Huadian and a connected person of the Company according to the Hong Kong Listing Rules. The connected transactions contemplated under Lease Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continue connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcements dated 6 November 2014 and 23 December 2014 and the circular dated 27 November 2014 of the Company.

The annual rental paid by the Group to Beijing Huabin during 2015 amounted to approximately RMB49 million.

(4) Continued Implementation of the Coal Purchase Framework Agreement with Yanzhou Coal Mining Company Ltd. ("Yanzhou Coal")

The Group and Yanzhou Coal renewed the Coal Purchase Framework Agreement on 17 October 2013, for another term of three years from 1 January 2014 to 31 December 2016. The proposed annual caps for the coal purchase would not exceed RMB8 billion, RMB8 billion and RMB8 billion respectively. Yanzhou Coal is a substantial shareholder of a non wholly-owned subsidiary of the Company, thus Yanzhou Coal is a connected person of the Company and the purchase of coal from Yanzhou Coal by the Company constitutes a continuing connected transaction of the Group under the Hong Kong Listing Rules.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

In 2015, the Group's actual amount of coal purchased from Yanzhou Coal was approximately RMB1,786 million.

(5) Continued Implementation of the Coal Purchase Framework Agreement with Huainan Mining (Group) Co., Ltd. ("Huainan Mining")

The Group and Huainan Mining renewed the Coal Purchase Framework Agreement on 17 October 2013, for a term of three years from 1 January 2014 to 31 December 2016. The proposed annual caps for the coal purchase would not exceed RMB4 billion, RMB4 billion and RMB4 billion respectively. Huainan Mining is a substantial shareholder of a non wholly-owned subsidiary of the Company, thus Huainan Mining is a connected person of the Group and coal purchase from Huainan Mining by the Company constitutes a continuing connected transaction of the Group under the Hong Kong Listing Rules.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

In 2015, the Group's actual amount of coal purchased from Huainan Mining was approximately RMB228 million.

(6) Entering into Coal Purchase Framework Agreement with Shaanxi Coal Selling and Transportation (Group) Corporation ("Shaanxi Coal Transportation")

On 15 May 2015, the Company entered into the Coal Purchase Framework Agreement between Huadian Power International Corporation Limited and Shaanxi Coal Selling and Transportation (Group) Corporation ("**Shaanxi Coal Purchase Framework Agreement**") with Shaanxi Coal Transportation, pursuant to which, the annual cap for the purchase of coal by the Company from Shaanxi Coal Transportation was RMB1.2 billion from 1 July 2015 to 31 December 2015, and the annual cap for the purchase of coal by the Company from Shaanxi Coal Transportation for each of 2016 and 2017 is RMB2.5 billion.

Upon completion of the acquisition of equity interest in Hubei company, Xiangyang Power Generation (being the subsidiary of Hubei Company) became a subsidiary of the Company. Since Shaanxi Coal and Chemical Group is a substantial shareholder of Xiangyang Power Generation, Shaanxi Coal and Chemical Group is a connected person of the Company at the subsidiary level for the purpose of the Hong Kong Listing Rules. As Shaanxi Coal Transportation is a wholly-owned subsidiary of Shaanxi Coal and Chemical Group, Shaanxi Coal Transportation is also a connected person of the Company upon completion of the Acquisition for the purpose of the Hong Kong Listing Rules. The connected transactions contemplated under the Shaanxi Coal Purchase Framework Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continuing connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcement of the Company dated 15 May 2015 and the circular of the Company dated 8 June 2015.

From 1 July 2015 to 31 December 2015, the amount of coal purchased by the Group from Shaanxi Coal Transportation was approximately RMB175 million.

(7) Entering into the Finance Lease Framework Agreement with Huadian Financial Leasing Company Limited* ("Huadian Financial Leasing")

On 16 July 2015, the Company entered into the Finance Lease Framework Agreement with Huadian Financial Leasing, pursuant to which Huadian Financial Leasing has agreed to provide the Group with finance lease services subject to the terms and conditions provided therein. These services include direct leasing and leaseback services. In respect of each finance lease, the relevant member(s) of the Group and Huadian Financial Leasing will enter into separate implementation contract(s). According to the Finance Lease Framework Agreement, from 30 March 2015 to the 2015 annual general meeting (24 March 2016), the aggregate finance amount outstanding from time to time in respect of all finance leases will not exceed RMB1 billion. Huadian Financial Leasing is a subsidiary of the Company's controlling shareholder, i.e., China Huadian, and thus a connected person of the Company. The connected transactions contemplated under the Finance Lease Framework Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continuing connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcement of the Company dated 16 July 2015

As at 31 December 2015, the aggregate outstanding finance amount of the Group was RMB250 million.

(8) Renewal of the Continuing Loan Framework Agreement Respectively with China Huadian and Shandong International Trust Co., Ltd

On 6 November 2014, the Group entered into the continuing loan framework agreement with China Huadian and Shandong International Trust Co., Ltd respectively, for a term of three years from 1 January 2015 to 31 December 2017, pursuant to which, the annual average loan balance of the Group from China Huadian and Shandong International Trust Co., Ltd shall not be more than RMB20 billion and RMB10 billion respectively. China Huadian and Shandong International Trust Co., Ltd respectively hold 50.04% and 9.09% equity interests of the Company as at the date of the agreement. As China Huadian is a controlling shareholder of the Company, and Shandong International Trust Co., Ltd is the substantial shareholder of certain subsidiaries of the Company, China Huadian and Shandong International Trust Co., Ltd are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. Since (i) the financing cost of the Group shall not be higher than that available to the Company from the commercial banks for the same financing products with the same term during the same period and the loans are conducted on normal commercial terms or better to the Group; and (ii) the loans are not secured by any of the assets of the Group, such loans are exempt continuing connected transactions under Rule 14A.90 and are not subject to the announcement, circular and shareholder's approval requirements. However, such transactions constitute connected transactions of the Group pursuant to the requirements of the relevant Listing Rules of the Shanghai Stock Exchange ("**Shanghai Listing Rules**").

For details, please refer to the announcement dated 6 November 2014 and circular dated 26 November 2014 of the Company published in Hong Kong.

As at 31 December 2015, the loan balances of the Group from China Huadian and its subsidiaries and Shandong International Trust Co., Ltd amounted to RMB9,900 million and nil respectively, both falling within the maximum average annual balances approved by shareholders in the general meeting.

The Company has engaged an external auditor 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 submitted an unqualified letter containing their conclusions in respect of the No. (1) to No. (7) continuing connected transactions set out above to the Board of the Company in accordance with Rule 14A.56 of the Hong Kong Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The auditors of the Company confirmed that these continuing connected transactions:

(1) had been approved by the Board;

(2) were carried out on the price policies of the Company, if the transactions related to the provision of goods or services by the Company;

(3) were carried out under relevant agreements of these transactions; and

(4) did not exceed the caps as disclosed in previous announcements.

The Company's independent non-executive Directors have reviewed the continuing connected transactions set out above and confirmed that:

(1) these transactions were entered into in the ordinary and usual course of business of the Group;

(2) these transactions were under normal commercial terms, or the terms of the agreements governing these transactions are no less favorable than those generally available from the independent third party with similar procurement scale under similar products or services; and

(3) these transactions were conducted under agreed terms of relevant transactions which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

In respect of the Company's material connected transactions disclosed in note 41 to the financial statements prepared in accordance with International Financial Reporting Standards, to the extent that they constitute connected transactions and/or continuing connected transactions of the Company for the purpose of the Hong Kong listing Rules that apply to it, the Company confirms that it has complied with the relevant requirements under the Hong Kong Listing Rules (if applicable).

Save as disclosed above, the material connected party transactions of Company set out in note 41 to the financial statements prepared in accordance with International Financial Reporting Standards do not constitute connected transactions of the Company under the Hong Kong Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued listed securities ("securities" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

FINANCIAL SUMMARIES

Summaries of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2015 prepared in accordance with IFRSs are set out on page 123.

The Company is not aware of any matter taking place in the year ended 31 December 2015 that would be required to be disclosed under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

BUSINESS REVIEW

A discussion of the business review of the Group is set out in the section headed "Business Review and Outlook" of this annual report.

MATERIAL LITIGATION

As at 31 December 2015, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets, but the management of the Group believes that possible legal liability which may incur from any of the aforesaid cases will not have material adverse effect on the financial position and operating results of the Group.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2015, the Group's deposits placed with financial institutions or other parties did not include any designated or entrusted deposits, or any material time deposits which could not be collected by the Group upon maturity.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2015 and the financial statements prepared under IFRSs for the financial year ended 31 December 2015.

AUDITORS

At the AGM held on 25 June 2013, the Company changed its international and domestic auditors from KPMG and KPMG Huazhen (Special General Partnership) to Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP respectively.

On 30 May 2015, the Company held the AGM to appoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's international and domestic auditors respectively for the financial year ended 31 December 2015.

By Order of the Board
Li Qingkui
Chairman

Beijing, the PRC
24 March 2016

Corporate Governance Report

The Company has always attached great importance to the corporate governance and continuously promoted management innovation. In strict compliance with the Company Law of the PRC("**Company Law**"), the Securities Law of the PRC, the Shanghai Listing Rules, the Hong Kong Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved its corporate governance structure, enhanced the level of its governance and endeavoured to achieve a harmonious development between the Company's growth and the interest of its shareholders.

The codes on corporate governance practices adopted by the Company include, but are not limited to, the following documents:

1. Articles of Association;

2. Code on Shareholders' General Meetings, Code on Board Practices and Code on Supervisory Committee (as parts of the current Articles of Association of the Company);

3. Working procedures for Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategic Committee of the Board of the Company;

4. Working Requirements for Independent Directors;

5. Working Requirements for Secretary to the Board;

6. Working Rules for General Manager;

7. Code on the Company's Investment Projects;

8. Management Methods on Raised Proceeds;

9. Management Methods on External Guarantees;

10. Management Rules on Information Disclosure;

11. Management Rules on Investor Relations and Implementation Procedures;

12. Code on Trading in Securities of the Company by Directors (Supervisors) of the Company;

13. Code on Trading in Securities of the Company by Employees of the Company;

14. Management Methods for Affairs of the Board of Directors;

15. Working Rules on Annual Report for the Audit Committee of the Board;

16. Working Rules on Annual Report for Independent Directors;

17. Management Methods on Connected Transactions; and

18. Insider Registration and Management Methods.

The Board is committed to the principles of corporate governance consistent with prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles.

The Board has reviewed the relevant requirements prescribed under the corporate governance codes adopted by the Company and its actual practices, and has taken the view that the corporate governance of the Company during the year 2015 has met the requirements under the code provisions in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Hong Kong Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the particulars of which are as follows:

– The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited by Employees, which are on terms no less exacting than those set out in the Model Code, as set out in Appendix 10 to the Hong Kong Listing Rules.

– In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and stipulated the Working Procedures for the Strategic Committee.

– In the financial year of 2015, a total of eight Board meetings were held by the Company.

– The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

THE BOARD OF DIRECTORS

As an efficient leader of the Company, the Board is responsible for the leadership and supervision of the Company.

Directors as a whole are responsible for advancing activities of the Company through commanding and monitoring. We are of the opinion that all Directors can act on an objective basis and make decisions in the interest of the Company.

As at 31 December 2015, members of the Board of the Company are set out below:

Name	Position in the Company
Li Qingkui	Chairman, Non-executive Director
Chen Jianhua	Vice Chairman, Non-executive Director
Wang Yingli	Vice Chairman, Non-executive Director
Chen Bin	Executive Director
Geng Yuanzhu	Executive Director
Gou Wei	Non-executive Director
Chu Yu	Non-executive Director
Zhang Ke	Non-executive Director
Ding Huiping	Independent non-executive Director
Wang Dashu	Independent non-executive Director
Wei Jian	Independent non-executive Director
Zong Wenlong	Independent non-executive Director

Note: At the seventh meeting of the seventh session of the Board held on 30 March 2015, Mr. Chen Jianhua was re-designated from an executive Director to a non-executive Director of the Company due to work rearrangement. Mr. Chen Bin was re-designated as an executive Director. His term of office will expire on the date on which the seventh session of the Board expires. At the 2014 AGM held on 26 May 2015, Mr. Chen Dianlu resigned as the Vice Chairman of the Board and the non-excecutive Director of the Company due to his reaching of retirement age. Ms. Wang Yingli was appointed as the vice Chairman of the Company. Her term of office will expire on the date on which the seventh session of the Board expires. Mr. Zhang Ke was elected as the non-executive Director of the Company. His term of office will expire on the date on which the seventh session of the Board expires. Pursuant to the relevant requirements of the China Securities Regulatory Commission, an independent director shall not hold office for more than 6 years consecutively. Therefore, Mr. Wang Yuesheng, Mr. Ning Jiming and Mr. Yang Jinguan will no longer serve as independent non-executive Directors of the Company, and Mr. Wang Dashu, Mr. Wei Jian and Mr. Zong Wenlong were elected as the independent non-executive Directors of the Company. Their terms of office will respectively expire on the date on which the seventh session of the Board expires. Due to work requirement, Mr. Wei Jian has tendered his resignation as an independent non-executive Director of the seventh session of the Board, with effect from the date on which a the new independent non-executive Director is elected at the 2015 AGM.

In order to achieve sustainable and balanced development, the Company will take into account many aspects concerning the diversity of members of the Board, including but not limited to gender, age, cultural and educational background, race, professional expertise, skills, knowledge and terms of service, when determining the composition of the Board.

The biographical details of Directors and connections between them are detailed in the section headed "Directors, Supervisors and Senior Management"in this annual report. Directors (including non-executive Directors) of each session serve a term of three years, renewable upon re-election and reappointment. The term of office for independent non-executive Directors is renewable with a limit of six years. A Director who is appointed to fill a temporary vacancy shall be elected by shareholders at the first general meeting following his/her appointment, and his/her term of office shall be terminated upon re-election of Directors. A Director who is appointed for the first time shall report to the Board his/her position as director or other roles in other companies or entities upon his/her appointment, and such reporting of relevant interests is updated annually. In the event that the Board considers that a conflict of interest exists for a Director or any of his/her associates when considering any resolution, such Director shall report such interest and abstain from voting.

The independent non-executive Directors of the Company have submitted written confirmation of their independency as required by Rule 3.13 of the Hong Kong Listing Rules. The independent non-executive Directors of the Company have extensive expertise and experience. Among the ten non-executive Directors, four of them (amounting to one-third of Directors) are independent non-executive Directors, where Mr. Zong Wenlong is an accounting professional. While playing an important role of check and balance, they safeguard the interests of shareholders and the Company as a whole. The Directors are of the opinion that all independent non-executive Directors are able to deliver effective independent judgements under the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, and are independent in accordance with such guidelines.

To ensure compliance with the Board procedures and all applicable rules, each Director has access to advice and services of the Secretary to the Board.

Directors are encouraged to enroll in comprehensive professional development courses and seminars relating to the Hong Kong Listing Rules, the Companies Ordinance/laws and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. From time to time, the Directors are provided with written training materials to develop and refresh their professional skills.

The current Directors received the following trainings with an emphasis related to the roles, functions and duties of a director of a listed company during the year ended 31 December 2015:

Directors	Trainings *(Note)*
Li Qingkui	A
Chen Jianhua	A
Wang Yingli	A
Chen Bin	A
Geng Yuanzhu	A, B
Gou Wei	A
Chu Yu	A
Zhang Ke	A, B
Ding Huiping	A
Wang Dashu	A
Wei Jian	A
Zong Wenlong	A

Note:

A: Read relevant listing rules, the general business or responsibilities of the directors and other relevant training materials and updates

B: Attend seminars and/or lectures

The current Secretary to the Board has taken no less than 15 hours of relevant professional training for the year ended 31 December 2015.

CHAIRMAN AND GENERAL MANAGER

To improve independence, accountability and responsibility, the positions of Chairman and General Manager of the Company are assumed by different individuals. As at 31 December 2015, Mr. Li Qingkui and Mr. Chen Bin are currently serving as Chairman and General Manager respectively. As the legal representative of the Company, the Chairman presides over the Board, aiming to ensure that the Board acts in the best interest of the Company, operates effectively, duly fulfils its responsibilities and engages in discussion of important and appropriate matters, and to ensure Directors' access to accurate, timely and clear data. In addition, the Chairman appoints the Secretary to the Board to arrange for agenda of every Board meeting and consider any matter proposed by other Directors to be included in the agenda, thus ensuring that all Directors are properly briefed regarding matters discussed at the Board meeting and their access to adequate and reliable data.

The General Manager heads the management to take charge of daily operation of the Company. With the cooperation from other executive Directors and management team of each functional department, the General Manager manages the businesses of the Company, including implementation of policies adopted by the Board and reporting to the Board in respect of the overall operation of the Company.

THE MANAGEMENT

The Board and the management work separately and cooperate with each other in accordance with relevant requirements of the Company Law, the Articles of Association and the Working Rules for General Manager of the Company. The duties and responsibilities of the management include, but are not limited to, the following matters:

(1) to preside over the production, operation and management of the Company, and to implement resolutions of the Board;

(2) to formulate development plans, annual production and operation plans, annual financial budget scheme and final account plan, profit (after tax) distribution plan and loss recovery plan of the Company;

(3) to implement the Company's annual business plans and investment schemes;

(4) to formulate the scheme of the Company's internal management structure;

(5) to formulate the Company's basic management system;

(6) to formulate the Company's basic regulations;

(7) to determine remuneration, bonus and penalties of employees of the Company and to determine appointment or dismissal of them;

(8) to handle significant business on behalf of the Company; and

(9) to exercise other powers within the authorisation of Articles of Association and the Board.

BOARD MEETINGS

The Board shall convene at least four meetings annually, approximately one in each quarter. The Chairman of the Board should convene the Board Meetings, ensure the Board's effective discharge of its duties, schedule agenda of Board meetings and consider matters proposed by other Directors to be included in the agenda. Notice of meeting shall be delivered 14 days prior to the date of a regular meeting.

The Chairman of the Board shall convene an extraordinary meeting of the Board within 10 days in any of the following cases:

(1) when proposed by shareholders representing more than 10% voting rights;

(2) when deemed as necessary by the Chairman of the Board;

(3) when proposed jointly by more than one-third of the Directors;

(4) when proposed jointly by more than one-half of the independent Directors;

(5) when proposed by the Supervisory Committee; and

(6) when proposed by the General Manager.

Notices of Board meetings and extraordinary Board meetings should be served on all Directors, either by facsimile, express mail, registered air mail or by hand.

If the time and venue for a regular meeting have been previously determined by the Board, no notice is necessary. Otherwise, the Chairman of the Board or relevant proposer shall inform the Secretary to the Board of the proposal and agenda of the Board meeting in writing, and the Secretary to the Board shall then dispatch a notice containing time, venue and agenda of the Board meeting to the Directors 10 days prior to the date of the meeting. However, each Director may waive his/her right for being served with the notice of the Board meeting prior or subsequent to the dispatch of the notice. The Secretary to the Board should also send a copy of the above mentioned notice of the Board meeting to the Chairman of the Supervisory Committee.

Each Director has one vote. The Board's resolutions shall be passed by a simple or two-thirds majority of the Directors in accordance with the stipulations of relevant laws, regulations and Articles of Association of the Company.

A Director shall attend Board meetings in person. Regular or extraordinary Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. So long as the participating Directors can hear and communicate effectively with each other, all participating Directors are deemed as if they had participated in the meeting in person.

A Director shall appoint, in writing, another Director to attend the meeting on his/her behalf in case of unavailability of attendance. The scope of authorisation shall be specified in the authorisation letter. The Director attending the meeting on behalf of the entrusting Director shall only exercise the rights within the authorisation letter. Should a Director neither attend a Board meeting nor appoint another Director to attend on his/her behalf, such Director shall be deemed to have waived his/her voting rights at such meeting.

The Secretary to the Board shall prepare detailed minutes for the matters put to the Board meeting for consideration and resolutions passed, including any reserved or dissenting opinion expressed by the Directors. Within a reasonable period of time following the conclusion of the Board meeting, the Secretary to the Board shall dispatch to all Directors the draft and final minutes of Board meetings for comments and for records respectively.

Proposals to be passed by written resolution shall be dispatched to each Director, either by hand, mail, telex or facsimile, instead of convening a Board meeting. Unless otherwise stipulated by applicable laws, regulations and/or relevant Listing Rules, a resolution shall come into effect without a Board meeting being convened when the number of Directors signing and consenting to the written resolution meets the quorum for the resolution as required by the laws and regulations and the Articles of Association in connection therewith, and the signed resolution is returned to the Secretary to the Board by the aforesaid means.

Any written resolution not being executed by Directors in accordance with legal procedures, even opined by each Director by other means, shall not come into legal force as a resolution of the Board.

Minutes of meetings of the Board and its committees shall be kept by the Secretary to the Board, and upon any Director's request to review, the Secretary to the Board shall produce to such Director the requested minutes within a reasonable period of time.

To ensure sound corporate governance, the Board has established the following committees: Audit Committee, Remuneration and Appraisal Committee and Strategic Committee, and specified their respective terms of references in accordance with principles stipulated by laws, regulations and the CG Code. Relevant administrative departments set up by those special committees in the Company are responsible for the preparation of meeting documents while those special committees report to the Board.

The Board reports to the general meeting, and is also responsible for the completeness of financial data as well as the effectiveness of internal control system and risk management procedures of the Company. Besides, the Board shall bear the responsibility for the preparation of corporate financial statements, while the General Manager assumes duties of attaining business goals and attending to daily operations of the Company. Through regular reviews of functions of the General Manager and his/her authorised powers, the Board ensures the rationality of such arrangement. In addition, the Board also regularly reviews performances in relation to budget and business goals of operating departments, and retained various powers, including:

(1) to convene general meetings and report its work to the general meetings;

(2) to implement the resolutions passed at general meetings;

(3) to decide the Company's business plans and investment schemes;

(4) to formulate the Company's annual budget scheme and final account plan;

(5) to formulate the Company's profit distribution plan and loss recovery plan;

(6) to formulate proposals for increasing or reducing the Company's registered capital and the issue of corporate debentures;

(7) to draw up plans for repurchase of the Company's shares or proposal for merger, division or dissolution of the Company;

(8) Within the authorisation of the general meeting, to determine external investment, acquisition and disposal of assets, pledge of assets, trusted finance, connected transactions; and other guarantee matters subject to approval of the general meeting as stipulated by law, administrative regulations and the Article of Association;

(9) to determine the establishment of the Company's internal management structure;

(10) to appoint or dismiss the Company's General Manager and the Secretary to the Board, and pursuant to the General Manager's nominations, to appoint or dismiss senior management including the deputy general managers and financial officers of the Company and determine their remuneration, bonus and penalties;

(11) to formulate the Company's basic management system;

(12) to formulate proposed amendments to the Articles of Association;

(13) to manage the information disclosure of the Company;

(14) to propose at general meetings for the appointment or change of auditors providing audit services to the Company;

(15) to hear the work report and inspect the work of the General Manager; and

(16) to exercise any other powers specified in relevant laws and regulations or the Articles of Association and conferred by the shareholders at general meetings.

Except for the Board's resolutions in respect of the matters specified in the abovementioned items (6), (7), (12) and external guarantees which shall be passed by two-thirds majority of the Directors, the Board's resolutions in respect of any other aforesaid matters may be passed by a simple majority.

The Board mainly performed the following duties in respect of corporate governance in the Reporting Period:

(1) to develop and review the Company's policies and practices on corporate governance;

(2) to review and monitor the training and continuous professional development of directors and senior management of the Company;

(3) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors of the Company;

(4) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and

(5) to review the Company's compliance with CG Code and disclosure in the Corporate Governance Report in the annual report.

Eight Board meetings were held in the financial year from 1 January 2015 to 31 December 2015, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Times of attendance/ number of meetings held
Li Qingkui	Chairman, Non-executive Director	8/8
Chen Jianhua	Vice Chairman, Non-executive Director	8/8
Wang Yingli	Vice Chairman, Non-executive Director	8/8
Chen Bin	Executive Director	8/8
Geng Yuanzhu	Executive Director	8/8
Gou Wei	Non-executive Director	8/8
Chu Yu	Non-executive Director	8/8
Zhang Ke	Non-executive Director	5/5
Ding Huiping	Independent non-executive Director	8/8
Wang Dashu	Independent non-executive Director	5/5
Wei Jian	Independent non-executive Director	5/5
Zong Wenlong	Independent non-executive Director	5/5
Chen Dianlu	Former Vice Chairman, Non-executive Director	3/3
Wang Yuesheng	Former Independent Non-executive Director	3/3
Ning Jiming	Former Independent Non-executive Director	3/3
Yang Jinguan	Former Independent Non-executive Director	3/3

One AGM and three extraordinary general meetings were held in the financial year from 1 January 2015 to 31 December 2015, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Times of attendance/ number of meetings held
Li Qingkui	Chairman, Non-executive Director	1/4 *(note)*
Chen Jianhua	Vice Chairman, Non-executive Director	3/4
Wang Yingli	Vice Chairman, Non-executive Director	3/4
Chen Bin	Executive Director	4/4
Geng Yuanzhu	Executive Director	3/4
Gou Wei	Non-executive Director	4/4
Chu Yu	Non-executive Director	2/4
Zhang Ke	Non-executive Director	2/2
Ding Huiping	Independent non-executive Director	3/4
Wang Dashu	Independent non-executive Director	1/2
Wei Jian	Independent non-executive Director	2/2
Zong Wenlong	Independent non-executive Director	2/2
Chen Dianlu	Former Vice Chairman, non-executive Director	0/2
Wang Yuesheng	Former Independent non-executive Director	2/2
Ning Jiming	Former Independent non-executive Director	2/2
Yang Jinguan	Former Independent non-executive Director	2/2

Note: Mr. Li Qingkui, the Chairman, presided and attended the 2014 AGM held on 26 May 2015.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors confirm that they are responsible for the preparation of the financial statements of the Group.

Mr. Chen Cunlai was in charge of the accounting department. With the assistance of the accounts department, the Directors ensure that the financial statements of the Company are prepared in compliance with relevant laws, regulations and applicable accounting policies. The Directors also confirm that the financial statements will be published timely.

The responsibility statement made by the Company's auditors in respect of the financial statements of the Company is set out in the section headed "Independent Auditor's Report"of this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code" as the code of conduct regarding securities transactions by its Directors. In addition, it formulated the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited"which requires the Directors and Supervisors to sign, as early as the commencement of their term of office, a statement on shares transaction undertaking that any share transaction by Directors or Supervisors and their associates will be reported to the Board or the Supervisory Committee. No securities transaction should be conducted by the Directors or Supervisors prior to a written consent being given with a specific date certifying compliance of the proposed transaction with the listing rules of Hong Kong Stock Exchange and Shanghai Stock Exchange and the requirements regarding transactions of securities of listed companies by directors and supervisors as stipulated in the abovementioned codes.

After specific inquiries with all Directors and Supervisors, the Directors and Supervisors of the Company have complied with the relevant codes on securities transactions by directors and supervisors set out in the "Model Code" and the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited"during the year ended 31 December 2015.

AUDIT COMMITTEE

In accordance with the Hong Kong Listing Rules, the Board set up the Audit Committee in August 1999. Subsequently, in accordance with the Shanghai Listing Rules, the Board set up another audit committee in March 2004. The two committees comprise the same five members, including three independent non-executive Directors and two non-executive Directors of the Company. Currently, one of the five members is an accounting professional. In addition to carrying out duties in accordance with the Hong Kong Listing Rules and requirements stipulated in the A Guide for Effective Operation of an Audit Committee issued by Hong Kong Institute of Certified Public Accountants and the "Principle on Governance of Listed Companies" issued by the CSRC, the Audit Committee comprising such five members also formulated the Working Rules for the Audit Committee of the Board of Directors of Huadian Power International Corporation Limited by setting out the scope of their powers and functions in details.

The primary terms of reference of the Audit Committee include:

(1) to make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;

(2) to review and monitor the external auditor's independence and objectivity as well as the effectiveness of the audit process;

(3) to formulate and implement policies on engaging an external auditor to supply non-audit services;

(4) to act as the key representative body for the communication between the Company and the external auditor;

(5) to examine, monitor and supervise integrity of the Company's financial statements, annual reports and interim reports, and to review the major opinions on financial reporting in such statements and reports; and

(6) to examine and continuously monitor the efficient operation of internal control and risk management system of the Company, hear the report regarding internal control and risk management as well as the system establishment of the enterprise, and offer opinion and suggestion accordingly.

The terms of reference of the Audit Committee are published on the website of the Company at http://www.hdpi.com.cn/news/VoteCandidateAction!findByIdReadOnly.action?id=11096.

The current Audit Committee is chaired by independent non-executive Director Mr. Zong Wenlong, and comprises four other members including independent non-executive Directors Mr. Wang Dashu and Mr. Wei Jian, and non-executive Directors, Mr. Chu Yu and Mr. Zhang Ke. They are responsible for the communication between the Company's internal and external auditors, supervision and examination while giving advice to the Board on audit, internal control and corporate governance. In particular, Mr. Zong Wenlong is an accounting professional.

The Audit Committee held six meetings on 26 March, 28 April, 15 May, 26 May, 19 August and 27 October 2015 respectively, the average attendance of which was 100%. The attendance of each Director is set out as follows (there was no attendance by proxy):

Directors *(Note)*	**Times of attendance/ number of meetings held**	**Attendance Rate**
Zong Wenlong	3/3	100%
Wang Dashu	3/3	100%
Wei Jian	3/3	100%
Chu Yu	6/6	100%
Zhang Ke	3/3	100%
Yang Jinguan	3/3	100%
Wang Yingli	3/3	100%
Wang Yuesheng	3/3	100%
Ning Jiming	3/3	100%

Note: The Company held the 2014 AGM, tenth meeting of the seventh session of the Board and the eighth meeting of the seventh session of the Audit Committee on 26 May 2015, during which, Mr. Zong Wenlong, Mr. Wang Dashu, Mr. Wei Jian and Mr. Zhang Ke were elected as Directors of the Company. Among which, Mr. Zong Wenlong was elected as the chairman of the Audit Committee, and Mr. Wang Dashu, Mr. Wei Jian and Mr. Zhang Ke as members of the Audit Committee, while Mr. Yang Jinguan, Mr. Wang Yuesheng and Mr. Ning Jiming ceased to serve as the Directors of the Company or members of the Audit Committee, and Ms. Wang Yingli ceased to serve as the member of the Audit Committee of the Company.

During the reporting period, the Audit Committee considered and approved the proposals in relation to connected transactions, continuing connected transactions, the recognition of provision for asset impairment, and the Internal Control Self-evaluation Report, as well as the relevant information in the annual and interim financial reports of the Company, carefully reviewed the Directors' Report, the Auditors' Report and Internal Control Auditing Report and heard the report in relation to the related issues and rectification raised by National Audit Office. In respect of corporate governance, the Audit Committee has developed and reviewed the Company's policies and practices on corporate governance and make recommendations to the Board; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; developed, reviewed and monitored the code of conduct and compliance manual applicable to the Company's employees and Directors; and reviewed the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

INTERNAL CONTROL

The Board of the Company is the decision-making organ for internal control and responsible for establishing and implementing effective internal control systems of the Company, and takes the ultimate responsibility for the internal control system of the Company. The Board understands its responsibility for ensuring the soundness, appropriateness and effectiveness of the internal control system of the Company so as to provide rational guarantee for attainment of the objectives of the Company. The Audit Committee, the management and external auditors are committed to improving the internal control system of the Company. The Board reviewed the effectiveness of the relevant systems through the Audit Committee during the year and perform the duty of supervision through the Audit Committee and Independent Board Committee. The Supervisory Committee of the Company supervises the establishment and implementation of internal control by the Board of Directors. The Company's management is responsible for the daily operation of internal control of the enterprises. The Audit Committee of the Board is responsible for reviewing the internal control of the Company, supervising the effective execution of the internal control and self-evaluation of the internal control, and coordinating the audit of the internal control and other relevant matters. The working place of the Audit Committee is located at the Supervision and Audit Department of the Company. Subsidiaries have set up internal control supervisory organizations or positions, which are responsible for promoting the improvement and evaluation of internal control system under the leadership of their respective boards of directors.

Further system perfection and effectiveness evaluations were carried out in respect of internal control in 2015. In accordance with the Application Guidelines for Enterprise Internal Control issued by the five ministries and commissions of the PRC including the Ministry of Finance, the Company launched a further overhaul of its internal control system and that of its subsidiaries, and has put in place a relatively sound and well-functioning internal control system.

In 2015, the evaluation on the internal controls of the Company and its subsidiaries covered operation control, financial control, compliance control and risk management under the guidance of Basic Framework of Internal Control and Risk Management issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the Basic Norms of Corporate Internal Control jointly issued by the five ministries and commissions of the PRC including the Ministry of Finance. Based on the results of evaluation, the Audit Committee of the Board prepared the draft of 2015 Internal Control Self-evaluation Report, the draft of which was considered and approved at the 11th meeting of the 7th session of the Board. The 2015 Internal Control Self-evaluation Report of the Board concluded that: without material or major internal control defects being discovered in the evaluation, it is convinced that: in 2015, the Company is in full compliance with the provisions relating to internal control as set out in the Corporate Governance Code, and the existing internal control mechanism of the Company is effective in preventing significant risks and management fraud and in controlling important workflow as required by relevant PRC regulations and securities regulatory authorities. The Board (including the Audit Committee) also considered that the Company has sufficient resources and staff members who are qualified and experienced in accounting and financial reporting. The relevant staff members have taken sufficient training courses and the Company has an adequate budget.

In 2016, the Company has performed its duties in accordance to the latest requirement under the Hong Kong Listing Rules in respect of internal control and risk management of listed companies, and has considered and approved amendment to the Working Rules for the Audit Committee of the Board of Directors at the fifteenth meeting of the seventh session of the Board held from 23 March 2016 to 24 March 2016. In the future, the Company will, in light of the principle of continuous improvement, review and improve its internal control and risk management practices based on its accumulated experiences, shareholders' opinions, and domestic and international development trend as well as the changing of internal and external risks with reference to the Hong Kong Listing Rules.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has a Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee is a specialised committee of the Board established under the resolution of the general meeting. It is responsible for studying the performance appraisal standards for the Directors and the senior management of the Company, performing appraisal and giving its advice. It is also responsible for research and review of the remuneration policy and scheme for the Directors and the senior management of the Company. The Remuneration and Appraisal Committee is accountable to the Board. It has reviewed the current remuneration policy and proposed to the Board to improve the remuneration policy and scheme. After each meeting, the Committee will report to the Board. None of the Directors shall participate in the determination of his/her own remuneration.

The primary terms of reference of the Remuneration and Appraisal Committee include

(1) to make recommendations to the Board on the Company's policy for remuneration of directors and senior management and on procedure for developing such remuneration policy;

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

(3) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment;

(4) to supervise the execution of the Company's remuneration system; and

(5) to review duty performance by directors and senior management and carry out performance appraisal of them.

The terms of reference of the Remuneration and Appraisal Committee are published on the Company's website: http://www.hdpi.com.cn/news/VoteCandidateAction!findByIdReadOnly.action?id=11097.

As at the date of this report, the current Remuneration and Appraisal Committee of the Company is chaired by independent non-executive Director, Mr. Wang Dashu, and comprises four other members including non-executive Directors Mr. Gou Wei and Mr. Zhang Ke and independent non-executive Directors Mr. Wei Jian and Mr. Zong Wenlong.

The Remuneration and Appraisal Committee held two meetings on 26 March and 26 May 2015 respectively. The first meeting studied the 2014 annual salaries of the General Managers and other senior management members based on the appraised results, the 2015 annual salary scheme for the General Manager, the annual allowance scheme for independent directors and the 2015 work report of the Remuneration and Appraisal Committee, all of which were submitted to the Board for approval. At the second meeting, the election of Wang Dashu as the chairman of the Remuneration Committee under the seventh session of the Board of the Company was agreed. The attendance of each member at the meeting is as follows (there was no attendance by proxy):

Directors *(Note)*	**Times of attendance/ number of meetings held**	**Attendance Rate**
Wang Dashu	1/1	100%
Gou Wei	2/2	100%
Zhang Ke	1/1	100%
Wei Jian	1/1	100%
Zong Wenlong	1/1	100%
Wang Yingli	1/1	100%
Wang Yuesheng	1/1	100%
Ning Jiming	1/1	100%
Yang Jinguan	1/1	100%

Note: The Company held the 2014 AGM, tenth meeting of the seventh session of the Board and the eighth meeting of the seventh session of the Audit Committee on 26 May 2015, during which, Mr. Zong Wenlong, Mr. Wang Dashu, Mr. Wei Jian and Mr. Zhang Ke were elected as Directors of the Company. Among which, Mr. Zong Wenlong was elected as the chairman of the Audit Committee, and Mr. Wang Dashu, Mr. Wei Jian and Mr. Zhang Ke as members of the Audit Committee, while Mr. Yang Jinguan, Mr. Wang Yuesheng and Mr. Ning Jiming ceased to serve as the Directors of the Company or members of the Audit Committee, and Ms. Wang Yingli ceased to serve as the member of the Audit Committee of the Company.

The Remuneration and Appraisal Committee reviewed and monitored the training and continuous professional development of Directors and senior management of the Company in the reporting period. The remuneration of executive Directors, General Manager and other senior management members of the Company were determined based on their calibre, education level and commitment to work with reference to the Company's results and profit, industry comparables and market conditions.

ANNUAL SALARY SCHEME FOR THE GENERAL MANAGER IN 2015

In order to provide the necessary safeguard for the accomplishment of the strategic targets for the year 2015 and to ensure completion of the annual missions of the Board, the Company linked the annual salary scheme for the General Manager with the annual operating performance of the Company with reference to the Company's actual circumstances.

Based on the Company's development strategies, external environmental changes, annual performance results, wage level of employees and other factors, and with reference to the salary level of the listed peers, the Remuneration and Appraisal Committee determined the annual basic salary plan for the General Manager in 2015 in line with such principles as integration of incentives and constraints, priority to efficiency while giving considerations to impartiality, and combination of material and ideological incentives, subject to the approval of the Board before implementation of such plan.

MOTIVATION AND APPRAISAL METHODS FOR OTHER SENIOR MANAGEMENT IN 2015

In order to secure the accomplishment of the strategic targets for the year 2015 and to ensure completion of the annual missions of the Board, the Remuneration and Appraisal Committee formulated the motivation and assessment methods for other senior management members (including the Deputy General Managers, Chief Financial Officer, Chief Engineer and the Secretary to the Board) in 2015 with reference to the Company's actual circumstances, and the annual base salary plan for the General Manager, and in line with the performance-based and integration of incentives and constraints principles. The motivation and appraisal methods are carried out by the Remuneration and Appraisal Committee upon approval of the Board.

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As at 31 December 2015, the total number of employees of the Group amounted to 24,968. The Group determines the salary of the employees at various levels based on its economic benefits, and adhere to the concept of "identify talents through performance, select talents through competition and award talents through remuneration", thus establishing the objective, impartial, scientific and effective remuneration distribution mechanism and performance appraisal mechanism for its employees.

ALLOWANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In 2015, Mr. Ding Huiping, an independent non-executive Director, was paid an independent director's allowance of approximately RMB77,500 (before tax). Each of the independent non-executive Directors, namely, Mr. Wang Dashu, Mr. Wei Jian and Mr. Zong Wenlong, were paid an independent directors' allowance of approximately RMB47,500 (before tax), and Mr. Wang Yuesheng, Mr. Ning Jiming and Mr. Yang Jinguan, the former independent non-executive Directors, were paid independent directors' allowances of approximately RMB30,000 (before tax).

Remuneration (allowance) of Directors, supervisors and senior management in 2015 (before income tax)

Name	**Position in the Company**	**Remuneration (allowance) of Directors, supervisors and senior Management** *(RMB0'000)*
Li Qingkui	Chairman, Non-executive Director	–
Chen Jianhua	Vice Chairman, Non-executive Director	–
Chen Jianhua	Former Executive Director, Former General Manager	29.85
Wang Yingli	Vice Chairman, Non-executive Director	–
Chen Bin	Executive Director, General Manager	58.43
Geng Yuanzhu	Executive Director, Deputy General Manager	88.71
Gou Wei	Non-executive Director	–
Chu Yu	Non-executive Director	–
Zhang Ke	Non-executive Director	–
Ding Huiping	Independent non-executive Director	7.75
Wang Dashu	Independent non-executive Director	4.75
Wei Jian	Independent non-executive Director	4.75
Zong Wenlong	Independent non-executive Director	4.75
Chen Dianlu	Former Vice Chairman, Former Non-executive Director	–
Wang Yuesheng	Former Independent non-executive Director	3.00
Ning Jiming	Former Independent non-executive Director	3.00
Yang Jinguan	Former Independent non-executive Director	3.00
Li Xiaopeng	Chairman of the Supervisory Committee	–
Peng Xingyu	Supervisor	–
Chen Bin	Supervisor	72.72
Wei Aiyun	Supervisor	58.88
Li Jinghua	Independent Supervisor	4.00*(Note)*
Zha Jianqiu	Independent Supervisor	4.00
Zhou Lianqing	Secretary to the Board	63.37
Peng Guoquan	Deputy General Manager	73.71
Xing Shibang	Deputy General Manager	73.71
Chen Cunlai	Chief Financial Officer	73.71
Wang Huiming	Deputy General Manager	72.87
Xie Yun	Deputy General Manager, Chief Engineer	72.93

Note: Mr. Li Jinghua has resigned as the independent supervisor on 28 December 2015.

NOMINATION COMMITTEE

On 28 March 2012, the Company set up a Nomination Committee, which is a body specifically set up by the Board according to the resolution of the general meeting, and mainly responsible for making recommendations to the Board on the procedures, standards and qualifications of electing and appointing Directors and senior management of the Company. The standards relating to the selection and recommendation of director candidates include the director's appropriate professional knowledge and background, personal ethics, as well as their time commitment to the affairs of the Company.

If the term of office of the Board expires or the Board proposes to add new directors or to fill vacancies of the Board, the Nomination Committee shall recommend to the Board the candidates. Upon being considered and approved by the Board, relevant proposals will be submitted at the general meeting shareholder(s) for approval. Other director candidates other than the independent non-executive directors shall be nominated by the Board, the supervisory committee, shareholders individually or collectively holding over 5% of the total voting shares of the Company, and elected at the general meeting of the Company. The candidates for the independent non-executive directors of the Company shall be nominated by the Board, the supervisory committee, shareholders individually or collectively holding over 1% of the total voting shares of the Company, and elected at the general meeting of the Company.

The primary terms of reference of the Nomination Committee include:

(1) to regularly review the structure, size and composition of the Board;

(2) to study and make recommendations on the standards and procedures for selecting the Company's directors and senior management;

(3) to verify the personal information of all the candidates for election or re-election of the Company's directors and senior management, and submit the verification result to the Board or the general meeting for reference;

(4) in case of resignation or removal of a director, to present the Board the reasons for such resignation or removal and other matters that need to be specified to shareholders of the Company; in case of resignation or removal of a senior management member, to present the Board the reasons for such resignation or removal; and

(5) to formulate and review the standards for establishing the special committees under the Board and provide proposed amendments to the Board when appropriate.

As at the date of this report, the incumbent Nomination Committee of the Company is headed by Mr. Ding Huiping (independent non-executive Director) as its chairman and composed of Mr. Gou Wei (executive Director), Mr. Zhang Ke (non-executive Director), Mr. Wang Dashu (independent non-executive Director), and Mr. Wei Jian (independent non-executive Director) as members.

The Nomination Committee held its first meeting on 26 May 2015. All the members of the committee were present in the meeting in person, and there was no attendance by proxy. During this meeting, Mr. Ding Huiping was elected as the chairman of the Nomination Committee, Mr. Wang Dashu, Mr. Wei Jian and Mr. Zhang Ke as members of the Nomination Committee. Mr. Chen Bin ceased to serve as the member of the Nomination Committee and Mr. Yang Jinguan, Mr. Wang Yuesheng and Mr. Ning Jiming ceased to serve as the Directors of the Company or members of the Nomination Committee.

AUDITORS

For the year ended 31 December 2015, the Company paid an aggregate of RMB10.35 million of audit service fees including fees for audit of internal control provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP to the Company. The audit service fees were considered by the Audit Committee and the Board and were approved at the Company's AGM.

MATERIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 28 December 2015, the Company held the 2015 third extraordinary general meeting, at which it considered and approved the amendments in the Articles of Association regarding the time of issue of certain laws and regulations, and the names of certain promoters, in accordance with the requirements of departments of the administration of industry and commerce and to reflect the changes to the names of certain shareholders, so as to comply with the requirements of the PRC laws and regulations as revised from time to time, and to improve the corporate governance of the Company.

For details, please refer to the announcements of the Company dated 27 October 2015 and 28 December 2015; the circular of the Company dated 8 February 2015 and the amended Articles of Association.

SHAREHOLDERS' RIGHTS

Shareholders individually or jointly holding 10% or more of the Company's shares may request the convening of an extraordinary general meeting by signing one or more counterpart requisition(s) stating the meeting agenda and requiring the Board to convene the meeting. The Board shall give a reply in writing, as to whether or not it agrees to convene the meeting within 10 days after receiving the aforementioned requisition.

Shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to submit proposals at a general meeting of the Company. Shareholders individually or jointly holding 3% or more of the Company's shares may submit extra proposals to the convener of a general meeting in writing 10 days prior to the meeting. The convener shall issue a supplemental notice of the general meeting and announce the contents of such extra proposals within 2 days after receipt thereof.

INVESTOR RELATIONS

The Company undertakes that it shall make impartial disclosure and full and transparent reporting. The ultimate duty of the Chairman is to ensure effective communication with the investors and the Board's understanding of the opinions of substantial shareholders. In this regard, the Chairman shall meet with the shareholders. The Secretary to the Board is responsible for the day-to-day contacts between the Board and substantial shareholders.

The previous AGM of the Company was held in Beijing on 26 May 2015, at which the Chairman of the Board attended the meeting and answered questions. At the general meeting, each matter was put forward in form of a separate proposal and voted by way of poll.

The senior management shall preside over presentations and attend the meetings with institutional investors and financial analysts for inter-communication in respect of the Company's results and business prospects, which is a regular function of investor relations. Investors and the public may access the Company's website to download presentation data used in these meetings. The website also sets out the detailed information on the Company's businesses.

For any enquiry addressed to the Board, investors can contact the Board through shareholder hotlines (8610–83567779, 83567900 or 83567905) or by email (hdpi@hdpi.com.cn) or by fax (8610–83567963), and shareholders may raise questions at annual or extraordinary general meetings.

By Order of the Board
Li Qingkui
Chairman

Beijing, the PRC
24 March 2016

As at the date of this report, the Board comprises:

Li Qingkui (Chairman, non-executive Director), Chen Jianhua (Vice Chairman, non-executive Director), Wang Yingli (Vice Chairman, non-executive Director), Chen Bin (Executive Director), Geng Yuanzhu (Executive Director), Gou Wei (Non-executive Director), Chu Yu (Non-executive Director), Zhang Ke (Non-executive Director), Ding Huiping (Independent non-executive Director), Wang Dashu (Independent non-executive Director), Wei Jian (Independent non-executive Director) and Zong Wenlong (Independent non-executive Director).

Corporate Information

CORPORATE INFORMATION

Legal address	14800 Jingshi Road Jinan, Shandong Province The People's Republic of China
Authorized representatives	Chen Bin Zhou Lianqing
Company secretary	Zhou Lianqing
Hong Kong share registrar and transfer office	Hong Kong Registrars Limited 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Auditors	Deloitte Touche Tohmatsu 35 Floor, One Pacific Place 88 Queensway Hong Kong
	Deloitte Touche Tohmatsu Certified Public Accountants LLP 8 Floor, Tower W2,The Towers, Oriental Plaza No. 1 East Chang An Avenue, Beijing The People's Republic of China
Legal advisers to the Company **as to Hong Kong law and** **United States law**	Baker & McKenzie 14th Floor, Hutchison House 10 Harcourt Road Central, Hong Kong
as to PRC law	Haiwen & Partners 20 Floor, Fortune Financial Centre No. 5 Dong San Huan Mid Road Chao Yang District, Beijing The People's Republic of China

COMPANY PUBLICATIONS

The Company's 2015 annual report was published in April 2016. Copies of the annual report are available for inspection at:

PRC	Huadian Power International Corporation Limited No. 2 Xuanwumennei Street, Xicheng District, Beijing The People's Republic of China Tel: (8610) 8356 7888 Fax: (8610) 8356 7963
Hong Kong	Wonderful Sky Financial Group Limited 6/F, Nexxus Building, 41 Connaught Road Central, Hong Kong Tel: (852) 2851–1038 Fax: (852) 2815–1352

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS
OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Huadian Power International Corporation Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 46 to 122, 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 our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with 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

24 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2015 RMB'000	2014 RMB'000
Turnover	4	**66,788,917**	67,781,771
Operating expenses			
Fuel costs		**(25,640,107)**	(32,796,510)
Cost of coal sold		**(1,258,431)**	(707,246)
Depreciation and amortisation		**(9,228,834)**	(8,065,685)
Repairs, maintenance and inspection		**(3,089,775)**	(2,836,626)
Personnel costs	5	**(4,260,702)**	(3,730,776)
Administration expenses		**(3,595,808)**	(3,380,610)
Tax and levies on operation	6	**(614,996)**	(481,688)
Other operating expenses		**(1,112,241)**	(1,059,155)
		(48,800,894)	(53,058,296)
Operating profit		**17,988,023**	14,723,475
Investment income	7	**56,411**	167,263
Other revenue	8	**504,035**	426,887
Other net income	8	**(185,629)**	(325,838)
Interest income from bank deposits		**106,349**	70,839
Finance costs	9	**(5,849,884)**	(6,317,901)
Share of profits less losses of associates and a joint venture		**317,722**	713,366
Profit before taxation		**12,937,027**	9,458,091
Income tax	13	**(3,157,593)**	(1,936,271)
Profit for the year	10	**9,779,434**	7,521,820
Other comprehensive (expense)/income for the year (net of tax):			
Items that may be subsequently reclassified to profit or loss:			
Net fair value (loss)/gain on available-for-sale investments	14	**(2,574)**	27,054
Total comprehensive income for the year		**9,776,860**	7,548,874
Profit for the year attributable to:			
Equity shareholders of the Company		**7,329,439**	5,959,045
Non-controlling interests		**2,449,995**	1,562,775
		9,779,434	7,521,820
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**7,326,880**	5,985,780
Non-controlling interests		**2,449,980**	1,563,094
		9,776,860	7,548,874
Basic earnings per share	15	**RMB0.802**	RMB0.743

Consolidated Statement of Financial Position

At 31 December 2015
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2015	2014
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	17	**143,540,813**	127,014,543
Construction in progress	18	**19,502,837**	19,744,389
Lease prepayments	19	**2,484,226**	1,976,102
Intangible assets	20	**6,191,740**	5,308,476
Goodwill	21	**1,448,791**	1,021,112
Interests in associates and a joint venture	23	**9,861,889**	10,226,885
Available-for-sale investments	24	**398,917**	386,832
Other non-current assets	25	**2,277,321**	2,048,035
Deferred tax assets	37(b)	**193,146**	388,527
		185,899,680	168,114,901
Current assets			
Inventories	28	**2,052,855**	3,262,816
Trade debtors and bills receivable	27	**9,379,928**	8,954,117
Deposits, other receivables and prepayments	29	**2,847,649**	2,769,304
Tax recoverable	37(a)	**110,869**	154,271
Restricted deposits	30	**346,570**	319,493
Lease prepayments	19	**100,125**	70,168
Cash and cash equivalents	31	**9,238,080**	5,204,959
		24,076,076	20,735,128
Current liabilities			
Bank loans	32(a)	**16,973,797**	18,843,245
Loans from shareholders	32(b)	**625,000**	550,000
State loans	32(c)	**9,260**	9,633
Other loans	32(d)	**3,515,879**	3,530,120
Short-term debentures payable	32(e)	**15,756,069**	16,805,230
Long-term debentures payable-current portion	32(f)	**2,996,498**	7,392,270
Amount due to the parent company		**73,530**	65,073
Obligations under finance leases	33	**715,627**	581,562
Trade creditors and bills payable	34	**16,425,445**	14,481,887
Other payables	35	**9,129,501**	7,241,535
Tax payable	37(a)	**923,303**	579,543
		67,143,909	70,080,098
Net current liabilities		**(43,067,833)**	(49,344,970)
Total assets less current liabilities		**142,831,847**	118,769,931

Consolidated Statement of Financial Position (Continued)

At 31 December 2015
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank loans	32(a)	**56,567,601**	53,501,585
Loans from shareholders	32(b)	**1,328,666**	550,000
State loans	32(c)	**73,722**	86,712
Other loans	32(d)	**5,860,889**	5,653,348
Long-term debentures payable	32(f)	**11,058,239**	7,052,401
Obligations under finance leases	33	**2,779,887**	2,490,591
Long-term payables	36	**385,962**	410,447
Provisions	39	**93,375**	86,458
Deferred government grants	8(a)	**1,200,904**	989,726
Deferred income	38	**2,268,371**	2,210,399
Deferred tax liabilities	37(b)	**3,127,400**	2,801,802
Retirement benefit obligations		**24,692**	–
		84,769,708	75,833,469
NET ASSETS		**58,062,139**	42,936,462
CAPITAL AND RESERVES			
Share capital	40(b)	**9,862,977**	8,807,290
Reserves		**33,836,212**	22,897,890
Total equity attributable to equity shareholders of the Company		**43,699,189**	31,705,180
Non-controlling interests		**14,362,950**	11,231,282
TOTAL EQUITY		**58,062,139**	42,936,462

The consolidated financial statements on pages 46 to 50 were approved and authorised for issue by the board of directors on 24 March 2016 and are signed on its behalf by:

Chen Bin
Director

Geng Yuanzhu
Director

Consolidated Statement of Changes in Equity

For the year Ended 31 December 2015
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital *RMB'000* *(note 40(b))*	**Capital reserve** *RMB'000* *(note 40(c)(i))*	**Statutory surplus reserve** *RMB'000* *(note 40(c)(ii))*	**Disc-retionary surplus reserve** *RMB'000*	**Revaluation reserve** *RMB'000* *(note 40(c)(iii))*	**Fair value reserve** *RMB'000* *(note 40(c)(iv))*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2015	**8,807,290**	**8,889,067**	**1,883,798**	**68,089**	**44,726**	**26,812**	**11,985,398**	**31,705,180**	**11,231,282**	**42,936,462**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**7,329,439**	**7,329,439**	**2,449,995**	**9,779,434**
Other comprehensive income *(note 14)*	**–**	**–**	**–**	**–**	**–**	**(2,559)**	**–**	**(2,559)**	**(15)**	**(2,574)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(2,559)**	**7,329,439**	**7,326,880**	**2,449,980**	**9,776,860**
Shares issued *(note 40(b))*	**1,055,687**	**5,994,425**	**–**	**–**	**–**	**–**	**–**	**7,050,112**	**–**	**7,050,112**
Capital injection from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**120,910**	**120,910**
Deemed acquisition of non-controlling interests	**–**	**770**	**–**	**–**	**–**	**–**	**–**	**770**	**(770)**	**–**
Dividends recognised as distribution *(note 40(a))*	**–**	**–**	**–**	**–**	**–**	**–**	**(2,377,968)**	**(2,377,968)**	**–**	**(2,377,968)**
Dividends declared to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,012,724)**	**(3,012,724)**
Appropriation of general reserve	**–**	**–**	**691,157**	**–**	**–**	**–**	**(691,157)**	**–**	**–**	**–**
Appropriation of specific reserve	**–**	**–**	**31,263**	**–**	**–**	**–**	**(31,263)**	**–**	**–**	**–**
Utilisation of specific reserve	**–**	**–**	**(50,612)**	**–**	**–**	**–**	**50,612**	**–**	**–**	**–**
Acquisition of subsidiaries *(note 43)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,575,494**	**3,575,494**
Others	**–**	**(5,785)**	**–**	**–**	**–**	**–**	**–**	**(5,785)**	**(1,222)**	**(7,007)**
Balance at 31 December 2015	**9,862,977**	**14,878,477**	**2,555,606**	**68,089**	**44,726**	**24,253**	**16,265,061**	**43,699,189**	**14,362,950**	**58,062,139**
Balance at 1 January 2014	7,371,084	5,957,900	1,616,562	68,089	44,726	77	7,952,083	23,010,521	10,469,186	33,479,707
Profit for the year	–	–	–	–	–	–	5,959,045	5,959,045	1,562,775	7,521,820
Other comprehensive income *(note 14)*	–	–	–	–	–	26,735	–	26,735	319	27,054
Total comprehensive income for the year	–	–	–	–	–	26,735	5,959,045	5,985,780	1,563,094	7,548,874
Shares issued *(note 40(b))*	1,436,206	2,975,664	–	–	–	–	–	4,411,870	–	4,411,870
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	299,410	299,410
Disposal of a subsidiary	–	–	–	–	–	–	–	–	53,468	53,468
Dividends recognised as distribution *(note 40(a))*	–	–	–	–	–	–	(1,658,494)	(1,658,494)	–	(1,658,494)
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	(1,144,480)	(1,144,480)
Early repayments of certain interest-free loans from China Huadian Corporation ("**China Huadian**")	–	(51,303)	–	–	–	–	–	(51,303)	(9,453)	(60,756)
Appropriation of general reserve	–	–	220,173	–	–	–	(220,173)	–	–	–
Appropriation of specific reserve	–	–	123,644	–	–	–	(123,644)	–	–	–
Utilisation of specific reserve	–	–	(76,581)	–	–	–	76,581	–	–	–
Others	–	6,806	–	–	–	–	–	6,806	57	6,863
Balance at 31 December 2014	8,807,290	8,889,067	1,883,798	68,089	44,726	26,812	11,985,398	31,705,180	11,231,282	42,936,462

Consolidated Statement of Cash Flows

For the year ended 31 December 2015
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2015	2014
		RMB'000	*RMB'000*
Operating activities			
Cash received from customers and others		**78,334,689**	82,547,586
Cash paid to suppliers, employees and others		**(45,697,199)**	(56,764,149)
Cash generated from operations		**32,637,490**	25,783,437
Interest paid		**(6,482,919)**	(6,756,888)
PRC enterprise income tax paid		**(2,948,120)**	(2,022,712)
Net cash generated from operating activities		**23,206,451**	17,003,837
Investing activities			
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets		**(14,244,399)**	(18,590,076)
Net cash outflow for the acquisition of subsidiaries	43	**(2,576,780)**	(218,702)
Net cash outflow from disposal of a subsidiary		**–**	(7,933)
Payment for investment in associates		**(85,015)**	(125,462)
Increase of other long-term receivables		**(157,650)**	(96,411)
Cash received from disposal of associates		**37,310**	71,648
Interest received		**106,349**	70,839
Withdrawal of restricted deposits		**184,954**	32,259
Placement of restricted deposits		**(212,031)**	(318,469)
Dividends received		**602,769**	446,888
Other investing activities		**158,812**	156,411
Net cash used in investing activities		**(16,185,681)**	(18,579,008)
Financing activities			
Net proceeds from shares issued		**7,050,112**	4,411,870
Debentures			
– Net proceeds from debentures		**24,912,500**	22,474,000
– Repayment of debentures		**(27,400,000)**	(22,000,000)
– Proceeds from loans		**36,827,749**	37,711,382
– Repayment of loans		**(40,765,634)**	(37,830,711)
Obligation under finance leases			
– Proceeds obtained under sales and leaseback arrangement		**1,145,617**	2,260,530
– Lease payment under sales and leaseback arrangement		**(944,857)**	(664,238)
Bills financing			
– Proceeds from bank acceptance bills discounted		**1,505,234**	1,705,138
– Repayment of bank acceptance bills		**(1,152,396)**	(1,858,543)
Capital injection from non-controlling interests		**120,910**	254,410
Dividends paid to non-controlling interests		**(1,823,997)**	(849,727)
Dividends distribution		**(2,377,968)**	(1,658,494)
Other financing activities		**(84,919)**	(95,503)
Net cash (used in)/generated from financing activities		**(2,987,649)**	3,860,114
Net increase in cash and cash equivalents		**4,033,121**	2,284,943
Cash and cash equivalents at 1 January		**5,204,959**	2,920,016
Cash and cash equivalents at 31 December	31	**9,238,080**	5,204,959

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

1. BACKGROUND OF THE COMPANY

Huadian Power International Corporation Limited (the "**Company**") was established in Shandong province of the People's Republic of China (the "**PRC**") on 28 June 1994 as a joint stock limited company and the address of its registered office is No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together referred to as the "**Group**") are principally engaged in the generation and sale of electricity, heat and coal. Majority of electricity generated is supplied to the local power grid companies where the power plants are located.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The provisions of the new CO (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 CO. Accordingly the presentation and disclosure of information in the consolidated financial statement for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current year by the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these new and revised IFRSs to the extent that they are relevant to the Group for the current and prior years reflected in the consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and its interests in associates and a joint venture.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Basis of preparation of the consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories, or value in use in IAS 36 Impairment of Assets. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

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

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

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

Judgement made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 47.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

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

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

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

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Subsidiaries and non-controlling interests *(Continued)*

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss and calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(f)). All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)).

(d) Business combination

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

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 are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy 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. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis 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 amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

(f) Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. 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 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.

When there is an objective evidence indicating that the net investments in associates and joint ventures may be impaired, 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 in profit or loss 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 (or a portion thereof) 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 is accounted for using the equity method.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Investments in associates and joint ventures *(Continued)*

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest 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 Group lost significant influence or joint control over the investee.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), 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.

In the Company's statement of financial position, the investments in associates and joint ventures are stated at cost less provision for impairment losses. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable.

(g) Other investments in securities

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

Investments in securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

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

Other investments in securities are classified as available-for-sale investments. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(t)(iv) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(t)(v). When these investments are derecognised or impaired (see note 2(m)), the cumulative gain or loss is reclassified from equity to profit or loss.

Available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see note 2(m)).

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate capitalisation of borrowing costs (see note 2(w)).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, the Group capitalises the related production stripping costs into property, plant and equipment as mining structure, including production stripping costs for surface mining activities.

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

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

– Buildings	20-45 years
– Generators, machinery and equipment	5-20 years
– Motor vehicles, furniture, fixtures, equipment and others	5-10 years

Mining structures and mining rights are depreciated on a units-of-production method utilising only proved and probable coal reserves in the depletion base.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

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

(i) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 2(m)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 2(h) above when the relevant assets are completed and ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Intangible assets (other than goodwill)

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

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

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

– Concession assets	The shorter of remaining concession period or 25 years
– Development right of hydropower	45 years
– Others	5 - 10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

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

(k) Leased assets

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

(i) Classification of leases

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

(ii) Assets acquired under finance leases

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

(iii) Sales and leaseback arrangement resulting in finance lease

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset, or any deficit of sales proceeds lower than the carrying amount of the asset, is deferred and amortised as an adjustment to the depreciation of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Leased assets *(Continued)*

(iv) Operating lease charges

Where the Group has the right to use an asset held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the accounting periods covered by the lease term. Lease incentives received are recognised in profit or loss on a straight-line basis over the lease term. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(l) Lease prepayments

Lease prepayments represent cost of land use rights and sea use rights paid to the PRC's land bureau and oceanic bureau respectively. Lease prepayments are stated at cost, less accumulated amortisation and any impairment losses (see note 2(m)). Amortisation is charged to profit or loss from the date of initial recognition on a straight-line basis over the respective periods of the rights which mainly range from 10 years to 70 years.

(m) Impairment of assets

(i) Impairment of investments in securities and receivables

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

– significant financial difficulty of the debtor;

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Impairment of assets *(Continued)*

(i) Impairment of investments in equity securities and receivables *(Continued)*

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

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

(ii) Impairment of other assets

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

– property, plant and equipment;

– construction in progress;

– lease prepayments;

– intangible assets;

– investments in associates and joint ventures;

– other non-current assets (other than financial assets); and

– goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

– Recognition of impairment losses

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

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(n) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption are carried at the lower of cost and net realisable values.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised, or capitalised to property, plant and equipment when installed, as appropriate. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Trade debtors and bills receivable and other receivables ("Trade and other receivables")

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(m)).

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

(p) Cash and cash equivalents

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

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(q) Financial liabilities and equity instruments *(Continued)*

(i) Equity instruments

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

(ii) Other financial liabilities

Other financial liabilities including bank loans, loans from shareholders, state loans, other loans, short-term debentures payable, amount due to the parent company, trade creditors and bills payable, other payables, long-term debentures payable, long-term payables, are subsequently measured at amortised cost, using the 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.

(r) Derecognition of financial assets or financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Financial guarantee contracts issued by the Group are initially measured at their fair values, and are subsequently measured at the higher of:

– the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

– the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

(ii) Provisions and contingent liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Revenue recognition

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

(i) Electricity income

Electricity income is recognised when electricity is supplied to the power grid companies.

(ii) Heat income

Heat income is recognised when heat is supplied to customers.

(iii) Sale of coal

Income from the sale of coal is recognised when the risks and rewards to the ownership of the goods have been passed to the customers.

(iv) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

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

(vi) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

(vii) Upfront connection and installation fees

Upfront connection and installation fee received for connecting the customers' premises to the heat network of the Group is deferred and recognised on a straight-line basis over the expected service terms after the completion of the installation work.

(u) Translation of foreign currencies

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

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

Foreign currency translation differences relating to funds borrowed relevant to construction in progress, to the extent that they are regarded as an adjustment to interest costs, are capitalised during the construction period (see note 2(i)). All other exchange differences are dealt with in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit before tax as reported in the consolidated financial statements because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

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

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

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

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

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

  – the same taxable entity; or

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Borrowing costs

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

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

(x) Employee benefits

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

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

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

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

(ii) Termination benefits

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

(y) Research expenditure

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

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(z) Related parties *(Continued)*

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

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

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

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

(aa) Segment reporting

The Group's most senior executive management ("**the chief operating decision makers**") review the Group's revenue and profits as a whole for the purposes of allocating resources and assessing the performance (note 16).

(ab) Dividends

Dividends are recognised as a liability in the period in which they are declared.

3. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following new or revised IFRSs:

- Amendments to IFRS 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 new or revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

4. TURNOVER

Turnover represents the sale of electricity, heat and coal. Major components of the Group's turnover are as follows:

	2015	2014
	RMB'000	*RMB'000*
Sale of electricity	**62,177,834**	63,761,606
Sale of heat	**3,280,207**	2,988,856
Sale of coal	**1,330,876**	1,031,309
	66,788,917	67,781,771

The Group's customers are mainly local power grid companies. There are two customers sales with whom have exceeded 10% of the Group's revenue. In 2015, revenue from sale of electricity to these customers, including sales to entities which are known to the Group to be under common control with these customers, amounted to approximately Renminbi ("**RMB**") 36,626 million (2014: RMB32,153 million). Details of concentration of credit risk arising from these customers are set out in note 46(b).

5. PERSONNEL COSTS

	2015 *RMB'000*	2014 *RMB'000*
Wages, welfare and other benefits	**2,884,206**	2,521,607
Retirement costs *(note 42)*	**656,945**	573,994
Other staff costs	**719,551**	635,175
	4,260,702	3,730,776

6. TAX AND LEVIES ON OPERATION

Tax and levies on operation represent city maintenance and construction tax and education surcharge, which are calculated at 1-7% and 3-5% (2014: 1-7% and 3-5%), respectively, of net value added tax ("**VAT**") paid.

7. INVESTMENT INCOME

	2015 *RMB'000*	2014 *RMB'000*
Gain on disposal of an associate *(note 23(d))*	**27,051**	48,517
Dividend income from available-for-sale investments	**21,641**	2,911
Interest on loans and receivables	**7,719**	–
Gain on disposal of a subsidiary	**–**	115,835
	56,411	167,263

8. OTHER REVENUE AND NET INCOME

	2015 *RMB'000*	2014 *RMB'000*
Other revenue		
Government grants *(note (a))*	**286,426**	270,445
Revenue from upfront connection and installation fees for heating networks *(note 38)*	**129,723**	111,835
Others	**87,886**	44,607
	504,035	426,887
Other net income		
Net loss on disposal of property, plant and equipment	**(124,602)**	(571,449)
Net income from sale of materials	**325,406**	380,560
Electricity price regulation fund *(note (b))*	**(122,206)**	(124,823)
Others	**(264,227)**	(10,126)
	(185,629)	(325,838)

Notes:

(a) Government grants mainly represent value added tax refund and the grants from government for environmental protection and heat supply. There is no unfulfilled condition relating to those grants.

In addition, for grants related to assets, such grants have been deferred and released to profit or loss in accordance with the useful lives of the related assets. In 2015, the Group received such grants amounting to RMB286 million (2014: RMB154 million), and the amount released to profit or loss is RMB75 million (2014: RMB61 million).

(b) Electricity price regulation fund represents the expenses levied on electricity supplied by subsidiaries located in Ningxia Hui Autonomous Region ("**Ningxia**") to other provinces in the PRC. Payment or collection of such fund to government is based on regulations issued by Ningxia local authorities.

9. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on loans and other financial liabilities	**6,180,498**	6,785,042
Less: interest capitalised	**(620,677)**	(699,349)
	5,559,821	6,085,693
Net foreign exchange losses	**76,700**	10,071
Amortisation on unrecognised finance charges	**159,832**	150,332
Other finance costs	**53,531**	71,805
	5,849,884	6,317,901

The borrowing costs have been capitalised at an average rate of 5.83% per annum (2014: 6.38%) for construction in progress.

10. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	2015	2014
	RMB'000	*RMB'000*
Amortisation		
– Lease prepayments	**87,437**	69,685
– Intangible assets and other assets	**164,759**	156,948
Auditors' remuneration	**10,350**	9,600
Cost of inventories expensed	**29,772,196**	36,032,935
Impairment losses		
– Trade debtors and bills receivable	**154,175**	79,269
– Deposits, other receivables and prepayments	**51,179**	5,873
– Inventories	**5,825**	21,016
– Construction in progress	**33,648**	48,158
– Property, plant and equipment	**1,455,179**	1,506,847
Reversal of impairment losses		
– Trade debtors and bills receivable	**(1,000)**	(156)
– Deposits, other receivables and prepayments	**(2,298)**	(45,267)
– Inventories	**(7,458)**	(979)
Operating lease charges in respect of land and buildings	**115,760**	107,746
Research and development costs	**18,991**	19,701

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

Details of directors', chief executive's and supervisors' emoluments are as follows:

2015	Directors' and supervisors' fees	Salaries, allowances in kind	Retirement and benefits benefits	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Chen Bin	–	213	24	347	584
Geng Yuanzhu	–	319	48	520	887
Non-executive directors					
Li Qingkui	–	–	–	–	–
Chen Jianhua	–	106	19	173	298
Chen Dianlu	–	–	–	–	–
Wang Yingli	–	–	–	–	–
Gou Wei	–	–	–	–	–
Chu Yu	–	–	–	–	–
Zhang Ke	–	–	–	–	–
Independent non-executive directors					
Ding Huiping	–	78	–	–	78
Wang Dashu	–	48	–	–	48
Wei Jian	–	48	–	–	48
Zong Wenlong	–	48	–	–	48
Wang Yuesheng	–	30	–	–	30
Ning Jiming	–	30	–	–	30
Yang Jinguan	–	30	–	–	30
Supervisors					
Li Xiaopeng	–	–	–	–	–
Peng Xingyu	–	–	–	–	–
Chen Bin	–	259	48	420	727
Wei Aiyun	–	218	36	335	589
Li Jinghua	–	40	–	–	40
Zha Jianqiu	–	40	–	–	40
	–	1,507	175	1,795	3,477

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

Details of directors', chief executive's and supervisors' emoluments are as follows: *(Continued)*

2014	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Chen Bin	–	–	–	–	–
Geng Yuanzhu	–	388	42	448	878
Non-executive directors					
Li Qingkui	–	–	–	–	–
Chen Jianhua	–	388	44	448	880
Chen Dianlu	–	–	–	–	–
Wang Yingli	–	–	–	–	–
Gou Wei	–	–	–	–	–
Chu Yu	–	–	–	–	–
Independent non-executive directors					
Wang Yuesheng	–	70	–	–	70
Wang Jixin	–	30	–	–	30
Ning Jiming	–	70	–	–	70
Yang Jinguan	–	70	–	–	70
Ding Huiping	–	40	–	–	40
Supervisors					
Li Xiaopeng	–	–	–	–	–
Peng Xingyu	–	–	–	–	–
Chen Bin	–	314	37	362	713
	–	1,370	123	1,258	2,751

Before 30 March 2015, Mr. Chen Jianhua, non-executive director, was also chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No directors, supervisors, or the chief executive of the Company waived any remuneration in 2015 (2014: nil), and their emoluments shown above were mainly for their services as directors of the Company.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employee of the Group during the year included one director (2014: two directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining four (2014: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015 *RMB'000*	2014 *RMB'000*
Salaries and other emoluments	**1,045**	947
Retirement benefits	**194**	113
Bonuses	**1,701**	1,109
	2,940	2,169

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within following bands is as follows:

	2015 *Number of individuals*	2014 *Number of individuals*
Nil - Hong Kong Dollar ("HK$") 1,000,000	**4**	3

13. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 *RMB'000*	2014 *RMB'000*
Current tax		
Charge for PRC enterprise income tax for the year	**3,338,481**	2,120,505
(Over)/under provision in respect of prior years	**(10,846)**	13,042
	3,327,635	2,133,547
Deferred tax *(note 37b)*		
Origination and reversal of temporary differences and tax losses	**(170,042)**	(197,276)
Total income tax expense in the consolidated statement of profit or loss and other comprehensive income	**3,157,593**	1,936,271

13. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

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

	2015 *RMB'000*	2014 *RMB'000*
Profit before taxation	**12,937,027**	9,458,091
Notional PRC enterprise income tax expense at a statutory tax rate of 25% (2014: 25%)	**3,234,257**	2,364,523
Tax effect of non-deductible expenses	**114,980**	137,316
Tax effect of non-taxable income	**(40,243)**	(39,850)
Preferential tax rate on subsidiaries' profit or loss *(note (a))*	**(153,423)**	(106,645)
Tax credit *(note (b))*	**(22,201)**	(101,097)
Tax effect of share of profits less losses of associates	**(79,430)**	(178,342)
Tax effect of tax losses and deductible temporary differences not recognised	**448,556**	407,141
Utilisation of tax losses and deductible temporary differences previously not recognised	**(334,057)**	(559,817)
(Over)/under provision in respect of prior years	**(10,846)**	13,042
	3,157,593	1,936,271

Notes:

(a) The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (2014: 25%) on the estimated assessable profit or loss for the year determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company, which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (2014: 7.5%, 12.5% or 15%).

(b) Tax credit represents additional deductions in relation to equipment for environmental protection pursuant to the applicable PRC tax laws and regulations.

14. OTHER COMPREHENSIVE (EXPENSE)/INCOME

	2015 *RMB'000*	2014 *RMB'000*
Available-for-sale equity securities:		
Changes in fair value recognised for the year	**(3,284)**	32,890
Net deferred tax credited to/(charged) other comprehensive income *(note 37b)*	**710**	(5,836)
Other comprehensive (expense)/income, net of income tax	**(2,574)**	27,054

15. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2015 of RMB7,329 million (2014: RMB5,959 million) and the weighted average of 9,137,011,173 ordinary shares in issue during the year (2014: 8,018,787,948 shares).

(b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the years ended 31 December 2015 and 2014.

16. SEGMENT INFORMATION

The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in the consolidated financial statements. The Group's major customers are the power grid operators in relation to the sale of electricity and the revenue has been disclosed in note 4. The Group's assets are mainly located in the PRC.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generators, machinery and equipment	Mining structures and mining rights	Motor vehicles, furniture, fixtures, equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2014	44,465,229	103,862,719	9,745,434	2,818,467	160,891,849
Additions	5,141	493,883	19,491	44,671	563,186
Through acquisition of a subsidiary	11,729	–	–	–	11,729
Transferred from construction in progress *(note 18)*	4,559,343	12,844,169	–	233,427	17,636,939
Net decrease arising from sales and leaseback arrangements	–	(868,626)	–	–	(868,626)
Adjustment	–	–	(12,628)	–	(12,628)
Transfer to construction in progress *(note 18)*	(130,844)	(713)	–	(3,436)	(134,993)
Through disposal of a subsidiary	(98,416)	(232,405)	–	(3,447)	(334,268)
Disposals/write-offs	(28,615)	(1,189,177)	(154,287)	(55,614)	(1,427,693)
At 31 December 2014	**48,783,567**	**114,909,850**	**9,598,010**	**3,034,068**	**176,325,495**
Additions	**1,814**	**43,116**	**–**	**81,534**	**126,464**
Through acquisition of a subsidiary *(note 43)*	**2,328,206**	**10,119,243**	**–**	**94,348**	**12,541,797**
Transferred from construction in progress *(note 18)*	**2,283,947**	**12,010,972**	**–**	**289,393**	**14,584,312**
Net decrease arising from sales and leaseback arrangements	**(28,609)**	**(433,851)**	**–**	**(34,045)**	**(496,505)**
Disposals/write-offs	**(133,213)**	**(928,482)**	**–**	**(121,129)**	**(1,182,824)**
At 31 December 2015	**53,235,712**	**135,720,848**	**9,598,010**	**3,344,169**	**201,898,739**
Accumulated depreciation and impairment					
At 1 January 2014	8,886,089	31,628,056	91,605	1,240,361	41,846,111
Charge for the year	1,599,799	6,012,774	54,325	254,887	7,921,785
Decrease arising from sales and leaseback arrangements	–	(794,161)	–	–	(794,161)
Transfer to construction in progress *(note 18)*	(920)	(208)	–	(783)	(1,911)
Through disposal of a subsidiary	(98,416)	(232,405)	–	(3,447)	(334,268)
Disposals	(23,170)	(757,021)	(3,738)	(49,522)	(833,451)
Impairment loss *(note (i))*	–	–	1,506,847	–	1,506,847
At 31 December 2014	**10,363,382**	**35,857,035**	**1,649,039**	**1,441,496**	**49,310,952**
Charge for the year	**1,741,799**	**6,946,101**	**11,148**	**330,269**	**9,029,317**
Decrease arising from sales and leaseback arrangements	**(28,609)**	**(356,865)**	**–**	**(10,666)**	**(396,140)**
Disposals	**(112,770)**	**(866,437)**	**–**	**(62,175)**	**(1,041,382)**
Impairment loss *(note (i))*	**–**	**6,561**	**1,448,618**	**–**	**1,455,179**
At 31 December 2015	**11,963,802**	**41,586,395**	**3,108,805**	**1,698,924**	**58,357,926**
Net book value					
At 31 December 2015	**41,271,910**	**94,134,453**	**6,489,205**	**1,645,245**	**143,540,813**
At 31 December 2014	38,420,185	79,052,815	7,948,971	1,592,572	127,014,543

17. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Notes:

(i) Impairment losses

The recoverable amount of the relevant group of assets of property, plant and equipment had been determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2014: a five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2014: zero growth rates). The cash flows are discounted using a discount rate from 7.48% to 8.77% (2014: from 8.00% to 8.15%). The discount rates used are pre-tax and reflect specific risks relating to the relevant group of assets.

Other key assumptions for the value in use calculations include the expected sales price, demand of products in specific regions where these assets are located, production capacities, fuel cost and others. Management determined these key assumptions based on past performance and its expectations on market development.

Due to the extending external environment deterioration, the utilisation of operation of coal mines of the Group has been below expectation for years and the selling price was at a low level. Each coal mining asset constitutes a cash-generating unit ("**CGU**"). Based on the impairment testing results, the mining rights of certain coal mines of the Group were impaired of RMB1,449 million (2014: RMB1,507 million), with impairment losses recognised accordingly.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment, which had an aggregate net book value of RMB4,575 million as at 31 December 2015 (2014: RMB4,967 million).

18. CONSTRUCTION IN PROGRESS

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**19,744,389**	16,811,390
Additions	**14,164,540**	20,472,907
Through acquisition of a subsidiary *(note 43)*	**211,868**	12,693
Transferred to property, plant and equipment *(note 17)*	**(14,584,312)**	(17,636,939)
Impairment loss *(note (i))*	**(33,648)**	(48,158)
Transfer from property, plant and equipment *(note 17)*	**–**	133,082
Through disposal of a subsidiary	**–**	(586)
At 31 December	**19,502,837**	19,744,389

Notes:

(i) In 2015, certain projects of the Group were identified that they have no economic value for further development or the likelihood to obtain preliminary approval by the National Development and Reform Commission or its local counterparties is remote. As a result, the carrying amount of related preliminary projects of RMB34 million (2014: RMB48 million) was fully impaired as at 31 December 2015. In addition, no construction in progress had been written off in 2015 (2014: nil).

(ii) As of 31 December 2015, the Group has no pledged construction in progress (2014: nil) to secure Group's bank borrowings.

19. LEASE PREPAYMENTS

Lease prepayments represent cost of land use rights and sea use right paid to the Ministry of Land and Resources of the People's Republic of China and State Oceanic Administration of the People's Republic of China, respectively.

	2015	2014
	RMB'000	*RMB'000*
Current asset	100,125	70,168
Non-current asset	2,484,226	1,976,102
	2,584,351	2,046,270

The Group has pledged lease prepayment with a net book value of RMB147 million (2014: RMB151 million) to secure bank borrowings.

20. INTANGIBLE ASSETS

	Land use rights	Concession assets	Development right of hydropower	Others	Total
	RMB'000	*RMB'000* *(note 26)*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2014	730,978	2,946,713	1,382,954	58,812	5,119,457
Additions	–	976	–	65,621	66,597
Through acquisition of a subsidiary	–	754,164	–	14	754,178
Disposals	–	(45)	–	–	(45)
At 31 December 2014	**730,978**	**3,701,808**	**1,382,954**	**124,447**	**5,940,187**
Additions	**–**	**444**	**–**	**149,870**	**150,314**
Through acquisition of a subsidiary *(note 43)*	**809,960**	**–**	**–**	**111,272**	**921,232**
Disposals	**–**	**(2,533)**	**–**	**(3,116)**	**(5,649)**
At 31 December 2015	**1,540,938**	**3,699,719**	**1,382,954**	**382,473**	**7,006,084**
Accumulated amortisation					
At 1 January 2014	–	448,368	–	26,395	474,763
Charge for the year	–	148,203	–	8,745	156,948
At 31 December 2014	**–**	**596,571**	**–**	**35,140**	**631,711**
Charge for the year	**–**	**158,953**	**–**	**26,888**	**185,841**
Disposals	**–**	**(2,412)**	**–**	**(796)**	**(3,208)**
At 31 December 2015	**–**	**753,112**	**–**	**61,232**	**814,344**
Net book value					
At 31 December 2015	**1,540,938**	**2,946,607**	**1,382,954**	**321,241**	**6,191,740**
At 31 December 2014	730,978	3,105,237	1,382,954	89,307	5,308,476

Intangible assets of the Group's consolidated statement of financial position mainly represent land use rights assigned by the PRC's land bureau with indefinite land use period and concession assets to operate wind power plants granted by the government under service concession arrangements, and development right of hydropower. Useful lives of land use rights are indefinite and titles of these rights are not transferable.

Development right of hydropower was obtained through acquisition of Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("**Shuiluohe Company**") in 2011. As at the acquisition date, all preliminary hydropower projects of Shuiluohe Company had obtained approval for basin development and preliminary work from the Development and Reform Commission of Sichuan Province. Amortisation of development right of hydropower will start after related hydropower plants are put into operation over its estimated useful life on a straight-line basis.

21. GOODWILL

	2015 RMB'000	2014 RMB'000
Cost		
At 1 January	**1,021,112**	1,033,120
Arising on acquisition of a subsidiary *(note 43)*	**427,679**	3,062
Disposal of a subsidiary	**–**	(15,070)
At 31 December	**1,448,791**	1,021,112

The carrying amount of goodwill at the end of the reporting period is attributable to below subsidiaries or power plants:

	2015 RMB'000	2014 RMB'000
Laicheng Power Plant	**19,031**	19,031
Huadian Weifang Power Generation Company Limited	**20,845**	20,845
Hebei Huadian Shijiazhuang Thermal Power Company Limited	**99,946**	99,946
Hangzhou Huadian Banshan Power Generation Company Limited	**59,322**	59,322
Hebei Huarui Energy Group Corporation Limited	**38,491**	38,491
Huadian Longkou Power Generation Company Limited	**327,420**	327,420
Shaoguan Pingshi Power Plant Company Limited (Plant B)	**340,376**	340,376
Lixian Star River Hydropower Company Limited	**37,419**	37,419
Lixian Star River Ganbao Hydropower Company Limited	**51,765**	51,765
State Development Zhangjiakou Wind Power Company Limited	**3,062**	3,062
Hubei Power Generation Company Limited *(note 43)*	**427,679**	–
Others	**23,435**	23,435
Total	**1,448,791**	1,021,112

Impairment tests for CGUs containing goodwill:

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2014: a five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2014: zero growth rates). The cash flows are discounted using a discount rate of 8% to 9% (2014: 8% to 9%). The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

Other key assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where these power plants are located, fuel cost and others. Management determined these key assumptions based on past performance and its expectations on market development.

22. INVESTMENTS IN SUBSIDIARIES

(a) General information of subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2015, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group:

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	%	%	
Sichuan Guang'an Power Generation Company Limited 四川廣安發電有限責任公司 ("Guang'an Company")	1,785,860	80	–	Generation and sale of electricity
Huadian Qingdao Power Generation Company Limited 華電青島發電有限公司	700,000	55	–	Generation and sale of electricity and heat
Huadian Weifang Power Generation Company Limited 華電濰坊發電有限公司 ("**Weifang Company**")	1,250,000	45 *(note (i))*	–	Generation and sale of electricity and heat
Huadian Zibo Thermal Power Company Limited 華電淄博熱電有限公司	773,850	100	–	Generation and sale of electricity and heat
Huadian Zhangqiu Power Generation Company Limited 華電章丘發電有限公司	750,000	87.5	–	Generation and sale of electricity and heat
Huadian Tengzhou Xinyuan Thermal Power Company Limited 華電滕州新源熱電有限公司	474,172	93.26	–	Generation and sale of electricity and heat
Huadian Xinxiang Power Generation Company Limited 華電新鄉發電有限公司	853,386	90	–	Generation and sale of electricity
Anhui Huadian Suzhou Power Generation Company Limited 安徽華電宿州發電有限公司	854,914	97	–	Generation and sale of electricity
Huadian Ningxia Lingwu Power Generation Company Limited 華電寧夏靈武發電有限公司 ("**Lingwu Company**")	2,050,239	65	–	Generation and sale of electricity
Sichuan Huadian Luding Hydropower Company Limited 四川華電瀘定水電有限公司	1,516,090	100	–	Generation and sale of electricity
Huadian Zouxian Power Generation Company Limited 華電鄒縣發電有限公司 ("**Zouxian Company**")	3,000,000	69	–	Generation and sale of electricity

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	%	%	
Huadian International Ningxia New Energy Power Company Limited 華電國際寧夏新能源發電有限公司	1,756,000	100	–	Generation and sale of electricity
Anhui Huadian Wuhu Power Generation Company Limited 安徽華電蕪湖發電有限公司	1,000,000	65	–	Generation and sale of electricity and heat
Huadian Inner Mongolia Kailu Wind Power Company Limited 華電內蒙古開魯風電有限公司	797,128	100	–	Generation and sale of electricity
Huadian Luohe Power Generation Company Limited 華電漯河發電有限公司	600,800	75	–	Generation and sale of electricity and heat
Hangzhou Huadian Banshan Power Generation Company Limited 杭州華電半山發電有限公司	1,220,334	64	–	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Thermal Power Company Limited 河北華電石家莊熱電有限公司	789,740	82	–	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited 河北華電石家莊裕華熱電有限公司	500,000	60	40	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited 河北華電石家莊鹿華熱電有限公司	440,000	90	–	Generation and sale of electricity and heat
Sichuan Huadian Zagunao Hydroelectric Development Company Limited 四川華電雜谷腦水電開發有限責任公司	980,563	64	–	Generation and sale of electricity
Hebei Huarui Energy Group Corporation Limited 河北華瑞能源集團有限公司	938,000	100	–	Sale of electricity and investment on power resources
Shanxi Maohua Energy Investment Company Limited 山西茂華能源投資有限公司	2,500,000	100	–	Sale of coal and investment in coal, electricity and heat industry
Hebei Huadian Guyuan Wind Power Company Limited 河北華電沽源風電有限公司	413,100	100	–	Generation and sale of electricity
Huadian Longkou Power Generation Company Limited 華電龍口發電股份有限公司	488,000	84.31	–	Generation and sale of electricity and heat
Shaoguan Pingshi Power Plant Company Limited (Plant B) 韶關市坪石發電廠有限公司(B廠)	989,000	100	–	Generation and sale of electricity
Huadian Laizhou Power Generation Company Limited 華電萊州發電有限公司	1,440,000	75	–	Generation and sale of electricity
Hebei Huadian Kangbao Wind Power Company Limited 河北華電康保風電有限公司	195,600	100	–	Generation and sale of electricity

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Anhui Huadian Lu'an Power Plant Company Limited 安徽華電六安電廠有限公司	921,500	95	–	Generation and sale of electricity
Huadian Qudong Power Generation Company Limited 華電渠東發電有限公司	568,000	90	–	Generation and sale of electricity and heat
Shantou Huadian Power Generation Company Limited 汕頭華電發電有限公司	30,000	51	–	Generation and sale of electricity
Shijiazhuang Huadian Heat Corporation Limited 石家莊華電供熱集團有限公司	502,370	100	–	Sale of heat
Ningxia Zhongning Power Generation Company Limited 寧夏中寧發電有限責任公司	285,600	50	–	Generation and sale of electricity
Huadian Laizhou Port Company Limited 華電萊州港務有限公司	215,130	65	–	Port construction and operation
Huadian Laizhou Wind Power Company Limited 華電萊州風力發電有限公司	91,914	100	–	Generation and sale of electricity
Inner Mongolia Haoyuan Coal Company Limited 內蒙古浩源煤炭有限公司	3,000	85	–	Sales of mining equipment and components
Inner Mongolia Alax League Shunge Mining Industry Corporation Company Limited 內蒙古阿拉善盟順舸礦業集團順舸礦業有限責任公司	30,000	100	–	Coal mine improvement and sales of mining equipment
Shuiluohe Company 四川涼山水洛河電力開發有限公司	682,385	–	57	Generation and sale of electricity
Tianjin Huadian Fuyuan Thermal Power Company Limited 天津華電福源熱電有限公司	257,000	100	–	Generation and sale of electricity and heat
Hangzhou Huadian Xiasha Thermal Power Company Limited 杭州華電下沙熱電有限公司	258,280	56	–	Generation and sale of electricity and heat
Huadian Zhejiang Longyou Thermal Company Limited 華電浙江龍遊熱電有限公司	247,000	100	–	Generation and sale of electricity and heat
Hangzhou Huadian Jiangdong Thermal Power Company Limited 杭州華電江東熱電有限公司	481,429	70	–	Generation and sale of electricity and heat
Huadian Shuozhou Thermal Company Limited 華電朔州熱電有限公司	40,000	100	–	Generation and sale of electricity and heat
Shenzhen Huanyu Star River Investment Company Limited 深圳市環宇星河投資有限責任公司	20,000	100	–	Investment on hydropower resources
Inner Mongolia Huatong Ruisheng Energy Company Limited 內蒙古華通瑞盛能源有限公司	35,000	90	–	Production and sale of coal
Huadian Zaozhuang New Energy Power Generation Company Limited 華電棗莊新能源發電有限公司	80,000	100	–	Generation and sale of electricity

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights Held by the Company	Held by subsidiaries	Principal activities
	RMB'000	%	%	
Huadian Xuwen Wind Power Company Limited 華電徐聞風電有限公司	60,000	100	–	Generation and sale of electricity
Huadian Shangdu Wind Power Company Limited 華電商都風電有限公司	20,000	100	–	Generation and sale of electricity
Huadian Guangdong Shunde Energy Company Limited 華電廣東順德能源有限公司	21,620	90	–	Generation and sale of electricity
Huadian Foshan Energy Company Limited 華電佛山能源有限公司	72,000	100	–	Generation and sale of electricity
Huadian Feicheng New Energy Power Generation Company Limited 華電肥城新能源發電有限公司	142,000	100	–	Investment on new energy power resources
State Development Zhangjiakou Wind Power Company Limited 國投張家口風電有限公司	200,000	100	–	Generation and sale of electricity
Ningxia Huadian Yongli Power Generation Company Limited 寧夏華電永利發電公司	34,000	100 *(note (ii))*	–	Generation and sale of electricity
Huadian Hubei Power Generation Company Limited 華電湖北發電有限公司 ("**Hubei Power Generation**")	1,996,897	82.5627 *(note 43)*	–	Generation and sale of electricity and heat

Notes:

(i) According to the articles of association of these companies, the Company holds majority of members in the board of directors which is the governing body of these companies and therefore has the power to direct the relevant activities of these companies, and is exposed, or has rights, to variable returns from the involvement with the investee, and has the ability to use its power to affect the amount of those returns.

(ii) The company was newly set up in 2015.

(iii) The English translation of the names is for identification only. The official names of these entities are in Chinese.

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

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

Name of the subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2015	2014	Profit allocated to non-controlling interests 2015	2014	Accumulated non-controlling interests 2015	2014
				RMB'000	RMB'000	RMB'000	RMB'000
Weifang Company	the PRC	**55%**	55%	**483,542**	417,031	**1,585,693**	1,846,578
Zouxian Company	the PRC	**31%**	31%	**317,525**	190,516	**1,063,336**	1,227,215
Hubei Power Generation	the PRC	**17.4373%**	–	**113,748**	–	**3,768,027**	–
Individually immaterial subsidiaries with non-controlling interests						**7,945,894**	8,157,489
Total						**14,362,950**	11,231,282

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information including goodwill and effect of fair value adjustments of assets and liabilities recognised upon acquisition of these subsidiaries but before inter-company eliminations is as follows:

(i) Weifang Company and its subsidiary

	2015 *RMB'000*	2014 *RMB'000*
Current assets	**459,084**	847,517
Non-current assets	**4,945,962**	5,096,363
Current liabilities	**(1,382,356)**	(996,033)
Non-current liabilities	**(1,148,944)**	(1,599,272)
Total equity	**2,873,746**	3,348,575
Non-controlling interests of Weifang Company	**(11,405)**	(10,804)

	2015 *RMB'000*	2014 *RMB'000*
Revenue	**3,682,586**	4,247,131
Expenses	**(2,802,817)**	(3,488,793)
Profit and other comprehensive income for the year	**879,769**	758,338
Non-controlling interests of Weifang Company	**(601)**	(100)
Dividends paid to non-controlling interests	**745,029**	–
Net cash inflow from operating activities	**1,746,187**	1,154,321
Net cash outflow from investing activities	**(254,031)**	(333,031)
Net cash outflow from financing activities	**(1,554,136)**	(757,923)
Net cash (outflow)/inflow	**(61,980)**	63,367

(ii) Zouxian Company

	2015 *RMB'000*	2014 *RMB'000*
Current assets	**463,328**	539,422
Non-current assets	**5,304,792**	5,519,770
Current liabilities	**(1,794,313)**	(1,082,523)
Non-current liabilities	**(543,690)**	(1,017,912)
Total equity	**3,430,117**	3,958,757

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

(ii) Zouxian Company *(Continued)*

	2015	2014
	RMB'000	*RMB'000*
Revenue	**4,546,121**	3,888,844
Expenses	**(3,521,848)**	(3,274,277)
Profit and other comprehensive income for the year	**1,024,273**	614,567
Dividends paid to non-controlling interests	**481,404**	184,598
Net cash inflow from operating activities	**1,686,618**	1,102,386
Net cash outflow from investing activities	**(115,636)**	(356,517)
Net cash outflow from financing activities	**(1,620,337)**	(733,088)
Net cash (outflow)/inflow	**(49,355)**	12,781

(iii) Hubei Power Generation and its subsidiaries

	2015
	RMB'000
Current assets	**3,122,181**
Non-current assets	**15,041,192**
Current liabilities	**(4,582,724)**
Non-current liabilities	**(5,566,244)**
Total equity	**8,014,405**
Non-controlling interests of Hubei Power Generation	**(2,871,189)**

	2015
	RMB'000
Revenue	**5,325,104**
Expenses	**(4,199,125)**
Profit and other comprehensive income for the year	**1,125,979**
Non-controlling interests of Hubei Power Generation	**(473,651)**
Dividends paid to non-controlling interests	**393,645**
Net cash inflow from operating activities	**1,878,665**
Net cash outflow from investing activities	**(1,021,559)**
Net cash outflow from financing activities	**(1,169,410)**
Net cash outflow	**(312,304)**

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	2015	2014
	RMB'000	*RMB'000*
Unlisted investments, at cost	**–**	–
Share of net assets	**9,861,889**	10,226,885
	9,861,889	10,226,885
Less: impairment loss	**–**	–
	9,861,889	10,226,885

(a) General information of associates

The following list contains only the particulars of associates as at 31 December 2015, all of which are unlisted limited liabilities companies established and operating in the PRC, which principally affected the results, assets or liabilities of the Group:

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Huadian Property Company Limited 華電置業有限公司 ("**Huadian Property**") *(note (i))*	2,697,500	16.31	–	Property development
Huadian Coal Industry Group Company Limited 華電煤業集團有限公司 ("**Huadian Coal**") *(note (i))*	3,657,143	11.82	1.16	Provision of coal procurement service
China Huadian Finance Corporation Limited 中國華電集團財務有限公司 ("**China Huadian Finance**") *(note (i))*	5,000,000	14.93	1.532	Provision of corporate financial service to its group companies
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電有限責任公司	475,000	–	30	Generation and sale of electricity and heat
Hebei Jiantou Yuzhou Wind Power Company Limited 河北建投蔚州風能有限公司	364,000	–	44.08	Generation and sale of electricity
Hebei Xibaipo Second Power Generation Company Limited 河北西柏坡第二發電有限責任公司	880,000	–	35	Generation and sale of electricity and heat
Guodian Inner Mongolia Dongsheng Thermal Power Company Limited 國電內蒙古東勝熱電有限公司	500,000	–	20	Generation and sale of electricity and heat
Xingtai Guotai Power Generation Company Limited 邢臺國泰發電有限責任公司	400,000	–	35	Generation and sale of electricity and heat
Guodian Huai'an Thermal Power Company Limited 國電懷安熱電有限公司	514,800	–	35	Generation and sale of electricity and heat
Otog Front Banner Changcheng Mine Company Limited 鄂托克前旗長城煤礦有限責任公司	23,077	35	–	Sale of mines machinery and accessory
Inner Mongolia Fucheng Mining Company Limited 內蒙古福城礦業有限公司 ("**Fucheng Mining Company**")	250,000	35	–	Sale of ores steels products
Otog Front Banner Changcheng No. 3 Mining Company Limited (formerly known as Otog Front Banner Quanhui Trading Company Limited) 鄂托克前旗長城三號礦業有限公司	5,000	35	–	Production and sale of coal
Otog Front Banner Changcheng No. 5 Mining Company Limited (formerly known as Otog Front Banner Baihui Trading Company Limited) 鄂托克前旗長城五號礦業有限公司	5,000	35	–	Production and sale of coal

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(a) General information of associates *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Otog Front Banner Zhengtai Trading Company Limited 鄂托克前旗正泰商貿有限公司	6,770	35	–	Production and sale of coal
Ningxia Ningdong Railway Corporation Limited 寧夏寧東鐵路股份有限公司 ("**Ningdong Railway**") *(note (i))*	3,533,368	8.49	–	Railway development and management
Ningxia Yinxing Coal Company Limited 寧夏銀星煤業有限公司 ("**Yinxing Coal**")	611,000	50	–	Production and sale of coal
Huadian Jinshajiang Upstream Hydropower Development Company Limited 華電金沙江上游水電開發有限公司 ("**Jinshajiang Hydropower Company**")	1,100,000	20	–	Generation and sale of electricity
Sichuan Huayingshan Longtan Coal Company Limited 四川華鎣山龍灘煤電有限責任公司 ("**Longtan Coal Company**")	144,250	–	45	Production and sale of coal
Sichuan Balanghe Hydropower Development Company Limited 四川巴郎河水電開發有限責任公司	120,000	–	20	Generation and sale of electricity
Datang Xiangcheng Tangdian Hydropower Development Company Limited 大唐鄉城唐電水電開發有限公司 ("**Xiangcheng Hydropower Company**")	710,749	–	49	Generation and sale of electricity
Datang Derong Tangdian Hydropower Development Company Limited 大唐得榮唐電水電開發有限公司 ("**Derong Hydropower Company**")	170,000	–	49	Generation and sale of electricity
CNNP CHD Hebei Nuclear Power Company Limited 中核華電河北核電有限公司 ("**Hebei Nuclear Power**")	122,900	39	–	Generation and sale of electricity
Hubei Shale gas Development Company Limited 湖北省頁岩氣開發有限公司	300,000	–	20 *(note (ii))*	Generation and development of gas

Notes:

(i) According to the articles of association of these companies, the Company has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these companies so as to have significant influence in their activities.

(ii) This company was newly acquired in 2015.

(iii) The English translation of the names is for identification only. The official names of these entities are in Chinese.

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates

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

(i) Huadian Coal

	2015 *RMB'000*	2014 *RMB'000*
Current assets	**8,364,600**	11,035,459
Non-current assets	**51,308,695**	49,180,470
Current liabilities	**(18,437,223)**	(20,008,740)
Non-current liabilities	**(25,955,866)**	(23,589,614)

	2015 *RMB'000*	2014 *RMB'000*
Revenue	**17,398,710**	22,670,910
Total comprehensive (expense)/income for the year attributable to equity shareholders of Huadian Coal	**(1,201,104)**	215,941
Dividends received during the year	**–**	219,297

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

	2015 *RMB'000*	2014 *RMB'000*
Net assets	**15,280,206**	16,617,575
Non-controlling interests of Huadian Coal	**(7,498,942)**	(7,579,055)
Proportion of the Group's ownership interest	**12.98%**	12.72%
Carrying amount of the Group's interest	**1,010,008**	1,149,700

(ii) China Huadian Finance

	2015 *RMB'000*	2014 *RMB'000*
Current assets	**18,718,062**	20,596,785
Non-current assets	**15,576,689**	13,126,522
Current liabilities	**(26,146,814)**	(25,516,229)
Non-current liabilities	**(1,017,545)**	(1,019,665)

	2015 *RMB'000*	2014 *RMB'000*
Revenue	**1,375,294**	1,587,707
Profit for the year	**1,198,671**	1,103,339
Other comprehensive (expense)/income for the year	**(2,715)**	57,995
Total comprehensive income for the year	**1,195,956**	1,161,334
Dividends received during the year	**206,265**	146,413

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates *(Continued)*

(ii) China Huadian Finance *(Continued)*

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

	2015	2014
	RMB'000	*RMB'000*
Net assets	**7,130,392**	7,187,413
Proportion of the Group's ownership interest	**16.462%**	16.462%
Goodwill recognised at acquisition	**21,435**	21,435
Carrying amount of the Group's interest	**1,195,240**	1,204,627

(iii) Yinxing Coal

	2015	2014
	RMB'000	*RMB'000*
Current assets	**140,117**	83,029
Non-current assets	**2,087,469**	2,110,804
Current liabilities	**(905,997)**	(1,022,508)
Non-current liabilities	**(604,543)**	(404,325)

	2015	2014
	RMB'000	*RMB'000*
Revenue	**506,113**	629,216
Total comprehensive income for the year	**14,534**	122,150
Dividends received during the year	**34,751**	56,395

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

	2015	2014
	RMB'000	*RMB'000*
Net assets	**717,046**	767,000
Proportion of the Group's ownership interest	**50%**	50%
Effect of fair value adjustments at acquisition	**364,846**	367,353
Carrying amount of the Group's interest	**723,369**	750,853

(c) Aggregate information of associates that are not individually material

	2015	2014
	RMB'000	*RMB'000*
The Group's share of profit	**269,033**	443,191
The Group's share of profit and other comprehensive income	**269,033**	443,191
Aggregate carrying amount of the Group's interests in these associates and a joint venture	**6,933,272**	7,121,705

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(d) Disposal

In current year, the Group disposed of its entire interest in Hebei Tianwei-huarui Electric Company Limited ("Tianwei-huarui Company"), an associate of the Group, to a third party for consideration of RMB30 million. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	RMB'000
Proceeds of disposal	30,000
Less: carrying amount of the investment disposed	(2,949)
Gain recognised *(note 7)*	27,051
Consideration received:	
Received in cash	9,000
Deferred sale proceeds recorded as other receivables	21,000
Total consideration received	30,000

(e) The joint venture held by the Company is not material to the consolidated financial statements.

24. AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	RMB'000	*RMB'000*
Listed investments:		
– Equity securities listed in the PRC	**50,786**	53,625
Unlisted investments:		
– Equity securities	**349,292**	334,368
	400,078	387,993
Less: impairment loss	**(1,161)**	(1,161)
	398,917	386,832

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

25. OTHER NON-CURRENT ASSETS

	2015	2014
	RMB'000	*RMB'000*
Financial assets – Other long-term receivables with fixed-rate and non-current feature	**358,660**	194,417
Deductible VAT and other tax	**1,724,906**	1,688,077
Deposits for sales and leaseback arrangements	**30,026**	109,154
Deferred differences arising from sales and leaseback arrangements *(note)*	**261,590**	154,248
	2,375,182	2,145,896
Less: impairment loss	**(97,861)**	(97,861)
	2,277,321	2,048,035

Note:

Deferred differences arising from sale and leaseback arrangements represent the deficit of sale proceeds over the carrying amounts of the assets disposed under the sale and leaseback arrangements which resulted in finance lease. The differences are deferred and amortised as adjustments to the depreciation of the assets over their estimated useful lives.

26. SERVICE CONCESSION ARRANGEMENT

The Group entered into to certain service concession agreements with local governments (the "**Grantors**") to construct and operate wind power plants during the concession period, which is normally for 25 years of operation. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group needs to dispose of the wind power plants at nil consideration. Service concession construction revenue represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted. In 2015, there is no additional construction work incurred for service concession arrangement, and correspondingly no revenue and cost on service concession has been recognised in profit or loss.

The Group has recognised intangible assets (note 20) related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

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(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

27. TRADE DEBTORS AND BILLS RECEIVABLE

	2015	2014
	RMB'000	*RMB'000*
Trade debtors and bills receivable for the sale of electricity	**8,328,268**	8,076,581
Trade debtors and bills receivable for the sale of heat	**357,856**	377,171
Trade debtors and bills receivable for the sale of coal	**941,555**	594,941
	9,627,679	9,048,693
Less: allowance for doubtful debts	**(247,751)**	(94,576)
	9,379,928	8,954,117

Notes:

(i) As at 31 December 2015, trade and bills receivables of the Group include factored trade receivables with recourse totalling RMB350 million (2014: RMB442 million). These receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans amounted to RMB300 million (2014: RMB400 million).

(ii) At 31 December 2015, the Group endorsed certain bills receivable accepted by banks in the PRC (the "**Endorsed Bills**") with a carrying amount of RMB369 million (2014: RMB321 million) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated liabilities. The aggregate carrying amount of the trade payables and other payables settled by the Endorsed Bills is RMB369 million (2014: RMB321 million) as at 31 December 2015.

(iii) As at 31 December 2015, bank acceptance bills discounted or endorsed to banks and suppliers of RMB3,093 million (2014: RMB2,770 million) are derecognised by the Group (the "**Derecognised Bills**"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. Losses related to derecognition of the Derecognised Bills was RMB0.63 million (2014: RMB1.3 million) in total and charged into profit or loss.

(iv) As at 31 December 2015, trade receivables amounted to RMB510 million (2014: RMB830 million) had been factored to a bank on a non-recourse basis. These trade receivables were derecognised as the Group had transferred the significant risks and rewards relating to the trade receivables to the bank under the non-recourse factoring agreements. Losses related to derecognition of the derecognised trade receivables was RMB0.3 million (2014: RMB0.7 million) in total and charged into profit or loss.

(a) Ageing analysis

As at 31 December 2015, the ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**9,280,392**	8,552,193
1 to 2 years	**97,693**	111,498
2 to 3 years	**329**	204,242
Over 3 years	**1,514**	86,184
	9,379,928	8,954,117

27. TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(b) Impairment of trade debtors and bills receivable

Impairment loss in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 2(m)(i)).

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

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	**94,576**	34,158
Impairment loss recognised	**154,175**	79,269
Disposal of a subsidiary	**–**	(18,695)
Reversal of impairment loss	**(1,000)**	(156)
At 31 December	**247,751**	94,576

At 31 December 2015, the Group's trade debtors and bills receivable totalling of RMB20 million (2014: RMB16 million) were individually determined to be impaired. Management assessed that the receivables is not expected to be recovered. Consequently, specific allowance for doubtful debts of RMB248 million (2014: RMB95 million) was recognised. The Group does not hold any collateral over these balances.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	2015 *RMB'000*	2014 *RMB'000*
Neither past due nor impaired	**8,828,266**	8,308,220
Less than 1 year past due	**464,702**	254,813
1 to 2 years past due	**85,346**	101,287
2 to 3 years past due	**100**	204,386
More than 3 years past due	**1,514**	85,411
	9,379,928	8,954,117

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

28. INVENTORIES

	2015 RMB'000	2014 RMB'000
Coal, gas and stalk	**1,319,608**	2,468,344
Fuel oil	**61,060**	78,053
Materials, components and spare parts	**672,187**	716,419
	2,052,855	3,262,816

All of the inventories for future usage and sales are expected to be utilised within one year.

29. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2015, deposits, other receivables and prepayments of the Group with gross amounts of RMB2,991 million (2014: RMB2,864 million) mainly represent prepayment for purchasing inventories and materials, deductible VAT recoverable, dividends receivable and other receivables.

As at 31 December 2015, specific allowance for doubtful debts of the Group amounted to RMB143 million (2014: RMB95 million), including bad debt allowance on receivables on Certified Emission Reductions of RMB85 million (2014: RMB85 million).

30. RESTRICTED DEPOSITS

Restricted deposits mainly represent deposits at banks and other financial institutions with maturity over three months and as collateral for bills payable.

31. CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at bank and in hand	**4,529,090**	1,708,016
Cash at other financial institutions	**4,708,990**	3,496,943
	9,238,080	5,204,959

32. BORROWINGS

(a) Bank loans

	2015 RMB'000	2014 RMB'000
Due:		
Within 1 year		
– short term bank loans	**9,656,595**	13,359,907
– current portion of long term bank loans	**7,317,202**	5,483,338
	16,973,797	18,843,245
After 1 year but within 2 years	**9,801,009**	7,569,307
After 2 years but within 5 years	**19,534,618**	17,440,252
After 5 years	**27,231,974**	28,492,026
	56,567,601	53,501,585
	73,541,398	72,344,830

32. BORROWINGS *(CONTINUED)*

(a) Bank loans *(Continued)*

As at 31 December 2015, all of the bank loans are unsecured, except for amounts totalling of RMB20,440 million (2014: RMB18,581 million) which are secured by the income stream in respect of the sale of electricity and trade debtors for the sale of electricity of certain subsidiaries, amounts totalling of RMB3,088 million (2014: RMB3,641 million) which are secured by lease prepayments and property, plant and equipment with an aggregate carrying amount of RMB4,722 million (2014: RMB5,118 million) of certain subsidiaries and amounts totalling of RMB1,967 million (2014: RMB2,084 million) are secured by guarantee from China Huadian and independent third parties. None of the bank loans contain financial covenants.

Details of the currencies, interest rates and maturity dates of bank loans are as follows:

	2015	2014
	RMB'000	*RMB'000*
RMB loans		
Floating interest rates mainly ranging from 3.92% to 6.88% per annum as at 31 December 2015 (2014: 5.32% to 7.14%), with maturities up to 2037	**67,079,811**	63,571,598
Fixed interest rates mainly ranging from 3.85% to 5.90% per annum as at 31 December 2015 (2014: 4.60% to 6.75%), with maturities up to 2027	**5,678,271**	7,552,660
United States Dollar ("US$") loans		
Floating interest rates mainly ranging from 1.98% to 3.05% per annum as at 31 December 2015 (2014: 1.94% to 5.63%), with maturities up to 2027	**724,622**	833,762
Fixed interest rates mainly ranging from 2.94% to 3.10% as at 31 December 2014 with maturities up to 2015	**–**	315,023
Euro loans		
Fixed interest rate of 2.50% per annum as at 31 December 2015 (2014: 2.50%), with maturity up to 2022	**58,694**	71,787
	73,541,398	72,344,830

The Group has US$ bank loans amounting to US$111.59 million (2014: US$187.74 million) and Euro bank loan amounting to Euro8.27 million (2014: Euro9.63 million) as at 31 December 2015.

(b) Loans from shareholders

	2015	2014
	RMB'000	*RMB'000*
Due:		
Within 1 year		
– short term shareholders loans	**625,000**	–
– current portion of long term shareholders loans	**–**	550,000
	625,000	550,000
After 2 years but within 5 years	**1,200,000**	450,000
After 5 years	**128,666**	100,000
	1,328,666	550,000
	1,953,666	1,100,000

32. BORROWINGS *(CONTINUED)*

(b) Loans from shareholders *(Continued)*

All of the loans from shareholders are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from shareholders are as follows:

	2015 *RMB'000*	2014 *RMB'000*
Loans from China Huadian		
Floating interest rates ranging from 4.75% to 6.40% per annum as at 31 December 2015 with maturities up to 2020	**750,000**	–
Fixed interest rates ranging from 4.15% to 6.40% per annum as at 31 December 2015 (2014: fixed interest rates ranging from 4.15% to 6.40%), with maturities up to 2021	**1,175,000**	1,100,000
Others		
Floating interest rate of 4.90% per annum as at 31 December 2015 with maturities up to 2030	**28,666**	–
	1,953,666	1,100,000

Loans from shareholders of the Group are unsecured, interest bearing and with repayment terms disclosed above.

(c) State loans

	2015 *RMB'000*	2014 *RMB'000*
Due:		
Within 1 year – current portion of long term state loans	**9,260**	9,633
After 1 year but within 2 years	**9,260**	9,633
After 2 years but within 5 years	**16,456**	22,936
After 5 years	**48,006**	54,143
	73,722	86,712
	82,982	96,345

32. BORROWINGS *(CONTINUED)*

(c) State loans *(Continued)*

Details of the currencies, interest rates and maturity dates of state loans are as follows:

	2015 RMB'000	2014 RMB'000
RMB loans		
Fixed interest rates mainly ranging from 2.55% to 2.82% per annum as at 31 December 2015 (2014: 2.55% to 2.82%), with maturities up to 2020	**6,136**	7,363
Floating interest rate of 1.80% per annum as at 31 December 2015 (2014: 3.05%), with maturities up to 2020	**3,409**	4,091
Euro loan		
Fixed interest rate of 3.09% per annum as at 31 December 2015 (2014: 3.09%), with maturities up to 2048	**73,437**	84,891
	82,982	96,345

The RMB state loans represent loans of RMB6.14 million (2014: RMB7.36 million) obtained from Ministry of Finance of the PRC in 2006 and a loan of RMB3.41 million (2014: RMB4.09 million) obtained from Ministry of Finance of Weifang Municipal Government in 2005. The RMB state loans are unsecured.

The Euro state loan represents a loan facility maximum of Euro14.50 million granted by the KfW Bankengruppe of Germany to the PRC State Government pursuant to a loan agreement entered into in December 2008 based on a series of bilateral financial cooperation agreements between The Federal Republic of Germany and the PRC State Government. The loan is to finance the Qingdao central heating system under the Energy Efficiency programme. The PRC State Government on-lent the loan facility to Qingdao Heat Company through China Agricultural Bank and is guaranteed by Qingdao Finance Bureau. As at 31 December 2015, the total amount of the above state loan is Euro10.35 million (2014: Euro11.39 million).

(d) Other loans

	2015 RMB'000	2014 RMB'000
Due:		
Within 1 year		
– short term other loans	**2,880,000**	2,266,000
– current portion of long term other loans	**635,879**	1,264,120
	3,515,879	3,530,120
After 1 year but within 2 years	**1,560,527**	643,570
After 2 years but within 5 years	**3,438,431**	3,223,330
After 5 years	**861,931**	1,786,448
	5,860,889	5,653,348
	9,376,768	9,183,468

32. BORROWINGS *(CONTINUED)*

(d) Other loans *(Continued)*

All of the other loans are unsecured except for amounts totalling RMB258 million (2014: RMB281 million) in respect of certain subsidiaries, which are secured by the income stream in respect of the sale of electricity of these subsidiaries, and amounts totalling of RMB1,500 million (2014: RMB1,500 million) are secured by guarantee from China Huadian. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	2015	2014
	RMB'000	*RMB'000*
Loans from China Huadian Finance		
Floating interest rates ranging from 3.92% to 6.15% per annum as at 31 December 2015 (2014: 5.54% to 6.15%), with maturities up to 2025	**4,762,913**	2,962,304
Fixed interest rates ranging from 3.92% to 6.15% per annum as at 31 December 2015 (2014: 5.32% to 6.00%), with maturities up to 2016	**1,710,000**	2,150,000
Loans from China Fortune International Trust Co., Ltd. ("China Fortune Trust")		
Floating interest rate of 5.39% per annum as at 31 December 2015 (2014: 6.77%), with maturities up to 2017	**388,000**	391,000
Others		
Floating interest rates ranging from 4.60% to 5.90% per annum as at 31 December 2015 (2014: 4.44% to 7.21%), with maturities up to 2021	**2,492,800**	3,640,164
Fixed interest rates of 6.15% per annum as at 31 December 2015 (2014: 6.15%), with maturities up to 2016	**23,055**	40,000
	9,376,768	9,183,468

32. BORROWINGS *(CONTINUED)*

(e) Short-term debentures payable

	2015 RMB'000	2014 RMB'000
First tranche of short-term debentures for the year of 2014	–	2,067,507
Second tranche of short-term debentures for the year of 2014	–	1,549,452
Third tranche of short-term debentures for the year of 2014	–	3,049,015
Second tranche of super short-term debentures for the year of 2014	–	3,077,397
Third tranche of super short-term debentures for the year of 2014	–	3,547,189
Fourth tranche of super short-term debentures for the year of 2014	–	3,514,670
First tranche of short-term debentures for the year of 2015	**2,069,410**	–
Second tranche of short-term debentures for the year of 2015	**2,018,801**	–
Third tranche of short-term debentures for the year of 2015	**1,514,101**	–
Second tranche of super short-term debentures for the year of 2015	**3,562,781**	–
Third tranche of super short-term debentures for the year of 2015	**3,558,270**	–
Fourth tranche of super short-term debentures for the year of 2015	**3,032,706**	–
	15,756,069	16,805,230

On 31 March 2015, the Company issued the first tranche of short-term debentures of 2015 in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB2,000 million with a maturity period of 366 days and bears interest at 4.70% per annum. The tranche is unsecured.

On 14 August 2015, the Company issued the second tranche and the third tranche of short-term debentures of 2015 in the PRC interbank debenture market. The short-term debentures were issued at a total par value of RMB2,000 million and RMB1,500 million, respectively. They are both with a maturity period of 366 days and bears interest at 3.18% per annum. The tranches are unsecured.

On 28 May 2015, the Company issued the second tranche of super short-term debentures of 2015 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500 million with a maturity period of 270 days and bears interest at 3.10% per annum. The tranche is unsecured.

On 11 June 2015, the Company issued the third tranche of super short-term debentures of 2015 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500 million with a maturity period of 270 days and bears interest at 3.11% per annum. The tranche is unsecured.

On 3 August 2015, the Company issued the fourth tranche of super short-term debentures of 2015 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000 million with a maturity period of 270 days and bears interest at 3.00% per annum. The tranche is unsecured.

During the current year, the Group repaid three tranches of short-term debentures and four tranches of super short-term debentures and one tranche of non-public private placement bonds totally amounting to principal amount of RMB20,000 million (2014: RMB20,500 million) at par value.

The effective interest rates of above debentures are ranging from 3.42% to 5.45% (2014: from 4.54% to 5.37%) per annum after considering the effect of issue costs.

32. BORROWINGS *(CONTINUED)*

(f) Long-term debentures payable

	2015 RMB'000	2014 RMB'000
First tranche of medium-term notes for the year of 2010	–	2,395,229
First tranche of medium-term notes for the year of 2012	**1,493,741**	1,489,243
First tranche of non-public private placement bonds for the year of 2012	–	4,997,041
First tranche of non-public private placement bonds for the year of 2013	**2,996,498**	2,996,498
First tranche of medium-term notes for the year of 2014	**2,574,455**	2,566,660
First tranche of non-public private placement bonds for the year of 2014 of Hubei Power Generation	**497,300**	–
First tranche of non-public private placement bonds for the year of 2015	**2,998,595**	–
Second tranche of non-public private placement bonds for the year of 2015	**3,494,148**	–
	14,054,737	14,444,671
Less: Long-term debentures due within one year	**(2,996,498)**	(7,392,270)
	11,058,239	7,052,401

The Group acquired the first tranche of non-public private placement bonds for the year of 2014 of Hubei Power Generation through the acquisition of it during the year. These bonds were unsecured 3-year notes totalling RMB500 million which were issued at par value of RMB100 each and bear interest at 5.70% per annum.

On 27 February 2015, the Company issued the first tranche of non-public private placement bonds of 2015. These bonds were unsecured 3-year notes totaling RMB3,000 million which were issued at par value of RMB100 each and bear interest at 5.03% per annum.

On 23 July 2015, the Company issued the second tranche of non-public private placement bonds of 2015. These bonds were unsecured 3-year notes totaling RMB3,500 million which were issued at par value of RMB100 each and bear interest at 4.40% per annum.

During the current year, the Group repaid one tranche of medium-term notes with principal amount of RMB2,400 million (2014: RMB1,500 million) at par value and one tranche of non-public private placement bonds with principal amount of RMB5,000 million (2014: nil) at par value.

The effective interest rates of above long-term debentures are ranged from 4.51% to 6.29% (2014: from 4.14% to 6.29%) per annum after considering the effect of issue costs.

33. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases payable as follows:

	At 31 December 2015		At 31 December 2014	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**715,627**	**885,713**	581,562	752,876
After 1 year but within 2 years	**759,323**	**890,472**	621,549	772,655
After 2 years but within 5 years	**1,855,450**	**1,983,093**	1,669,042	1,872,776
After 5 years	**165,114**	**187,163**	200,000	216,115
	2,779,887	**3,060,728**	2,490,591	2,861,546
	3,495,514	**3,946,441**	3,072,153	3,614,422
Less: total future interest expenses		**(450,927)**		(542,269)
Present value of finance lease obligations		**3,495,514**		3,072,153

In 2015, the Group entered into six new agreements with independent leasing companies to sell certain of the Group's facilities to those leasing companies and leaseback the facilities for 2 years to 8 years. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period.

As at 31 December 2015, the carrying amounts of the facilities held under finance lease included in generators, machinery and equipment of property, plant and equipment and concession assets of intangible assets amounted to RMB4,276 million and RMB248 million (2014: RMB3,924 million and RMB265 million), respectively.

34. TRADE CREDITORS AND BILLS PAYABLE

As at 31 December 2015, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**11,904,111**	10,728,824
1 to 2 years	**2,108,707**	1,682,652
Over 2 years	**2,412,627**	2,070,411
	16,425,445	14,481,887

35. OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Financial liabilities		
– Quality guarantee deposits	**1,756,361**	1,695,114
– Consideration payables on acquisitions	**873,087**	885,669
– Interest payables	**635,846**	697,465
– Wages payable	**201,619**	137,995
– Payables for installed capacity quota	**273,530**	273,530
– Payables for sewage charges	**81,373**	52,470
– Dividend payables to non-controlling interests	**1,543,662**	262,659
– Current portion of long-term payables *(note 36)*	**52,050**	261,988
– Others *(note (i))*	**1,615,776**	1,146,704
	7,033,304	5,413,594
Other tax payables	**724,892**	478,774
Receipts in advance	**1,371,305**	1,349,167
	9,129,501	7,241,535

Notes:

(i) Others mainly include payables on service fees, rental and other miscellaneous items.

(ii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

36. LONG-TERM PAYABLES

An amount of RMB438 million (2014: RMB462 million) represents payables to local governments for mining rights. Accordance with the repayment schedule set out in the relevant agreement, the current portion and non-current portion of this long term payable were RMB52 million and RMB386 million (2014: RMB52 million and RMB410 million).

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Taxation in the statement of financial position represents:

	2015	2014
	RMB'000	*RMB'000*
Net tax payable at 1 January	**396,088**	285,253
Provision for the year *(note 13(a))*	**3,338,481**	2,120,505
(Over)/under provision in respect of prior years *(note 13(a))*	**(10,846)**	13,042
Income tax paid	**(2,948,120)**	(2,022,712)
Net tax payable at 31 December	**775,603**	396,088
Representing:		
Tax payable	**923,303**	579,543
Tax recoverable – current portion	**(110,869)**	(154,271)
Tax recoverable – non-current portion, included in other non-current assets	**(36,831)**	(29,184)
	775,603	396,088

(b) Deferred tax assets and liabilities recognised:

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

	At 1 January 2014	Through disposal of a subsidiary	(Charged)/ credited to profit or loss	Credited to fair value reserve	At 31 December 2014	Through acquisition of subsidiaries	(Charged)/ credited to profit or loss	Charged to fair value reserve	At 31 December 2015
	RMB'000	*RMB'000*	*RMB'000 (note 13(a))*	*RMB'000 (note 14)*	*RMB'000*	*RMB'000 (note 43)*	*RMB'000 (note 13(a))*	*RMB'000 (note 14)*	*RMB'000*
Provision for inventories and receivables and impairment of property, plant and equipment and construction in progress	96,114	–	(4,830)	–	91,284	29,521	(12,299)	–	108,506
Depreciation of property, plant and equipment	(1,289,324)	–	(87,506)	–	(1,376,830)	35,172	(42,174)	–	(1,383,832)
Fair value adjustments on property, plant and equipment, construction in progress, intangible assets and equity investment	(1,567,445)	(15,402)	329,893	(5,836)	(1,258,790)	(773,217)	313,212	710	(1,718,085)
Long-term payables discounting	(94,760)	–	4,051	–	(90,709)	–	8,275	–	(82,434)
Expenses to be claimed on paid basis	7,842	–	656	–	8,498	–	255	–	8,753
Tax losses	216,557	10,772	(131,193)	–	96,136	–	(45,405)	–	50,731
Others	30,931	–	86,205	–	117,136	16,793	(51,822)	–	82,107
	(2,600,085)	(4,630)	197,276	(5,836)	(2,413,275)	(691,731)	170,042	710	(2,934,254)

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

(b) Deferred tax assets and liabilities recognised *(Continued)*

Reconciliation to the statement of financial position is as follows:

	2015	2014
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	**193,146**	388,527
Net deferred tax liabilities recognised in the statement of financial position	**(3,127,400)**	(2,801,802)
	(2,934,254)	(2,413,275)

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB2,013 million (2014: RMB2,788 million) and deductible temporary differences of approximately RMB2,450 million (2014: RMB1,265 million) due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	2015	2014
	RMB'000	*RMB'000*
2015	**–**	90,119
2016	**37,141**	640,883
2017	**201,788**	586,087
2018	**502,523**	651,929
2019	**684,545**	818,547
2020	**587,357**	–
	2,013,354	2,787,565

38. DEFERRED INCOME

Deferred income represents the unearned portion of upfront connection and installation fees received from customers for connecting the customers' premises to the heat network of the Group. The amount is deferred until completion of the installation work and recognised in profit or loss in equal instalments over the expected service terms of the relevant services.

The upfront connection and installation fee recognised for the year amounting to RMB130 million (2014: RMB112 million) is included in "Other revenue" in the consolidated statement of profit or loss and other comprehensive income (note 8).

39. PROVISIONS

The provision represents the Group's best estimate of the remediation costs for Group's liability on mine disposal and environmental restoration, which is based on industry standards and historical experience.

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**86,458**	80,050
Additions	**–**	–
Accretion expense	**6,917**	6,408
At 31 December	**93,375**	86,458

40. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2015	2014
	RMB'000	*RMB'000*
Final dividend proposed after the end of reporting period of RMB0.300 per share (2014: RMB0.270 per share)	**2,958,893**	2,377,968

Pursuant to a resolution passed at the directors' meeting held on 24 March 2016, final dividend of RMB0.300 per share will be payable to shareholders for 2015, subject to the approval of the shareholders at the coming annual general meeting.

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

	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.270 per share (2014: RMB0.225 per share)	**2,377,968**	1,658,494

(b) Share capital

	2015 No. of shares		2014 No. of shares	
	'000	*RMB'000*	*'000*	*RMB'000*
Ordinary shares, registered issued and fully paid:				
A shares of RMB1 each				
At 1 January	**7,090,056**	**7,090,056**	5,940,056	5,940,056
Shares issued	**1,055,687**	**1,055,687**	1,150,000	1,150,000
At 31 December	**8,145,743**	**8,145,743**	7,090,056	7,090,056
H shares of RMB1 each				
At 1 January	**1,717,234**	**1,717,234**	1,431,028	1,431,028
Shares issued	**–**	**–**	286,206	286,206
At 31 December	**1,717,234**	**1,717,234**	1,717,234	1,717,234
Total				
At 31 December	**9,862,977**	**9,862,977**	8,807,290	8,807,290
At 1 January	**8,807,290**	**8,807,290**	7,371,084	7,371,084

40. SHARE CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Share capital *(Continued)*

All shares rank pari passu in all material respects.

On 8 September 2015, the Company completed a non-public offering to ten specified investors, including its parent company, China Huadian, of 1,055,686,853 A shares with a nominal value of RMB1.00 each at an issue price of RMB6.77 per share. Upon completion, the total number of shares of the Company increased from 8,807,289,800 shares to 9,862,976,653 shares.

(c) Nature and purposes of reserves

(i) Capital reserve

Capital reserve represents premium received from issuance of shares, share of a joint venture or an associate's capital reserve movements which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial statements and the nominal amount of loans received by the Group.

(ii) Statutory surplus reserves

General reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for coal mining companies, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety at the mines, and are not available for distribution to shareholders.

(iii) Revaluation reserve

Revaluation reserve represents the fair value adjustment of acquisition of Weifang Company relating to the previously held interest of the Group.

(iv) Fair value reserve

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

40. SHARE CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(d) Distributability of reserves

According to the Company's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs. As of 31 December 2015, the retained profits available for distribution were RMB6,557 million (2014: RMB2,229 million).

(e) Capital management

The Group's capital management objectives are:

– to ensure the Group's ability to continue as a going concern;

– to provide an adequate return to shareholders; and

– to maintain an optimal capital structure to reduce cost of capital.

In order to maintain and improve the capital structure, the Group may, for the purpose of business expansion, issue new shares to reduce its liabilities to assets ratio.

The Group monitors its capital structure on the basis of liabilities to assets ratio. This ratio is calculated as total liabilities divided by total assets.

The liabilities to assets ratio as at 31 December 2015 and 2014 were as follows:

	2015	2014
	RMB'000	*RMB'000*
Total liabilities	**151,913,617**	145,913,567
Total assets	**209,975,756**	188,850,029
Liabilities to assets ratio	**72%**	77%

For the year ended 31 December 2015
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

41. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders, fellow subsidiaries and associates

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian	Parent company of the Company
Shandong International Trust Company Limited ("**SITC**")	A shareholder with significant influence over the Company
China Huadian Engineering Corporation Limited *(note (iii))* and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of the Company
Huadian Shaanxi Energy Company Limited	A fellow subsidiary of the Company
China Huadian Group Capital Holdings Company Limited	A fellow subsidiary of the Company
Huadian Financial Leasing Company Limited	A fellow subsidiary of the Company
Hubei Huadian Wuchang Thermal Power Company Limited	A fellow subsidiary of the Company
Fujian Huadian Kemen Power Generation Company Limited	A fellow subsidiary of the Company
China Fortune Trust	A fellow subsidiary of the Company
Huadian New Energy Development Company Limited	A fellow subsidiary of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
Shanghai Huadian Power Development Generation Company Limited	A fellow subsidiary of the Company
Guizhou Wujiang Hydropower Development Company Limited	A fellow subsidiary of the Company
Huadian Property	An associate of the Group
China Huadian Finance	An associate of the Group
Longtan Coal Company	An associate of the Group
Huadian Coal	An associate of the Group
Beijing Huabin Investment Company Limited	A subsidiary of an associate of the Group
Beijing Huabin Property Management Company Limited *(note (iv))*	A subsidiary of an associate of the Group
Yinxing Coal	An associate of the Group
Derong Hydropower Company	An associate of the Group
Hebei Tianwei-huarui Electric Company Limited *(note (v))*	An associate of the Group
Shanxi Huasheng Tongpei Coal Sales Company Limited	An associate of the Group
Ningdong Railway	An associate of the Group
Fucheng Mining Company	An associate of the Group
Shuozhou Tong-coal Wantongyuan Erpu Coal Transportation and Sales Company Limited	An associate of the Group
Xiangcheng Hydropower Company	An associate of the Group
Jinshajiang Hydropower Company	An associate of the Group
Hebei Nuclear Power	An associate of the Group
Sichuan Balanghe Hydropower	An associate of the Group

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the years ended 31 December 2015 and 2014:

	2015 *RMB'000*	2014 *RMB'000*
Sale of electricity to		
Fellow subsidiaries	**181,890**	127,351
Purchase of electricity from		
Fellow subsidiaries	**138,609**	149,201
Sale of coal to		
Fellow subsidiaries	**43,470**	110,024
Purchase of coal from		
Associates	**3,491,476**	3,616,103
Fellow subsidiaries	**561,349**	457,148
Purchase of construction service and equipment from		
An associate	**–**	15,128
Fellow subsidiaries	**1,845,370**	1,863,565
Loan provided to		
An associate	**157,650**	96,411
Loans obtained from		
China Huadian	**750,000**	1,357,345
An associate	**8,160,000**	6,986,000
Loans repaid to		
China Huadian and SITC	**1,650,630**	2,750,888
An associate	**6,799,391**	6,118,851
A fellow subsidiary	**3,000**	3,000

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

	2015 *RMB'000*	2014 *RMB'000*
Bills receivable discounted to		
An associate	**1,509,244**	1,667,554
Derecognised bills receivable collected by		
An associate	**1,092,584**	1,447,423
Lease payment under sales and leaseback arrangement to		
An associate	**56,181**	60,298
Financing received under sales and leaseback arrangement from		
A fellow subsidiary	**250,000**	–
Interest expenses paid to		
China Huadian and SITC	**80,156**	86,714
An associate	**287,160**	306,358
A fellow subsidiary	**24,022**	28,547
Interest income from		
Associates	**67,484**	45,554
Repair and maintenance service income from		
Fellow subsidiaries	**910**	1,105
Rental and property management service expenses to		
Associates	**57,328**	57,328
A fellow subsidiary	**2,505**	–
Guarantee service expenses paid to		
China Huadian	**6,315**	6,377
Other service expenses paid to		
China Huadian	**62,202**	60,646
Associates	**135,061**	138,723
Fellow subsidiaries	**128,324**	92,633
Additional capital injection in		
Associates	**82,565**	137,744

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The balances due from/(to) shareholders, fellow subsidiaries and associates are as follows:

	2015	2014
	RMB'000	*RMB'000*
Construction in progress-construction and construction material prepayments		
Fellow subsidiaries	**752,321**	192,163
Trade debtors and bills receivable		
Fellow subsidiaries	**20,498**	–
Deposits, other receivables and prepayments		
China Huadian	**42**	62
An associate	**89,900**	89,900
Other long-term receivables		
An associate	**260,799**	96,556
Cash and cash equivalents and restricted deposits		
An associate	**4,936,408**	3,752,397
Loans from a shareholder		
China Huadian	**(1,925,000)**	(1,100,000)
Other loans		
An associate	**(6,472,913)**	(5,112,304)
A fellow subsidiary	**(388,000)**	(391,000)
Trade creditors and bills payable		
Associates	**(340,424)**	(217,120)
Fellow subsidiaries	**(996,770)**	(390,602)
Other payables		
Associates	**(3,535)**	(1,843)
Fellow subsidiaries	**(385,092)**	(365,115)
Receipts in advance		
A fellow subsidiary	**(291,177)**	–
Obligation under finance leases		
An associate	**(77,500)**	(127,500)
A fellow subsidiary	**(250,000)**	–

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

Notes:

(i) At 31 December 2015, Guang'an Company, a subsidiary of the Group, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB70 million (2014: RMB76 million).

(ii) At 31 December 2015, China Huadian provided guarantee to banks for loans granted to the Group amounting to RMB6,315 million (2014: RMB3,171 million).

(iii) China Huadian Engineering Corporation Limited is formerly known as China Huadian Engineering (Group) Corporation.

(iv) Beijing Huabin Property Management Company Limited is formerly known as Huadian Technology & Trade Company Limited.

(v) In 2015, the Group disposed all of its interests in Tianwei-huarui Company, an associate of the Group. The Group's trade creditors to Tianwei-huarui Company amounting to RMB0.02 million has been settled after the disposal.

(b) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Salaries and other emoluments	**3,044**	3,411
Retirement benefits	**455**	367
Bonuses	**4,280**	3,614
	7,779	7,392

Total remuneration is included in "personnel costs" (see note 5).

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 31 December 2015 and 2014, there was no material outstanding contribution to post-employment benefit plans.

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("other government-related entities"). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

– sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the year ended 31 December 2015, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 95% of its sale of electricity.

– depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains short-term and long-term loans from these banks in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

– other transactions

Other collectively significant transactions with other government-related entities include a large portion of fuel purchases, property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

(e) Commitment with related parties

	2015	2014
	RMB'000	*RMB'000*
Capital commitment	**2,014,726**	132,179
Commitment on properties rental and management fees	**114,656**	171,984

42. RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% (2014: 15% to 20%) of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group's staff participate in a retirement plan managed by China Huadian to supplement the above-mentioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

The Group's contribution to these plans amounted to RMB657 million during the year (2014: RMB574 million) which was charged to the consolidated statement of profit or loss.

43. ACQUISITION OF SUBSIDIARIES

On 1 July 2015, the Group acquired 82.5627% equity interests in Hubei Power Generation and its subsidiaries ("Hubei Group") from China Huadian. This acquisition has been accounted for using the acquisition method. Hubei Group is a comprehensive power generation group, which is mainly engaged in the development, investment, construction, operation and management of electric power and new energy plants in Hubei Province with existing installed capacity of 5,120 MW.

Consideration transferred

	RMB'000
Cash	4,124,382
Other payables	16,880
Total consideration	4,141,262

Acquisition-related costs

Acquisition-related costs amounting to RMB7 million have been excluded from the cost of acquisition and have been recognised as an expense in the current year, within the 'administrative expenses' line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	12,541,797
Construction in process	211,868
Lease prepayments	252,640
Intangible assets	921,232
Interests in associates	81,108
Available-for-sale investments	14,924
Other non-current assets	31,250
Inventories	200,358
Lease prepayment due within one year	19,444
Trade debtors and bills receivable	885,821
Deposits, other receivables and prepayments	207,034
Cash and cash equivalents	1,547,602
Bank loans	(6,163,005)
Short-term debentures payables	(500,000)
Trade creditors and bills payable	(819,714)
Other payables	(928,118)
Long-term debentures payables	(496,550)
Retirement benefit obligations	(26,883)
Deferred tax liabilities	(691,731)
Net assets	7,289,077

The fair value of trade and bills receivables at the date of acquisition amounted RMB886 million. The gross contractual amounts of those trade and bills receivables amounted to RMB889 million at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB3 million.

43. ACQUISITION OF SUBSIDIARIES *(CONTINUED)*

Goodwill arising on acquisition

	RMB'000
Consideration transferred	4,141,262
Plus: non-controlled interests *(note)*	3,575,494
Less: recognised amount of identifiable net assets acquired	(7,289,077)
Goodwill on acquisition	427,679

Note: About RMB2,791,183,000 of the acquiree's subsidiaries non-controlling interests on the acquisition date are included in above non-controlling interest balance.

Goodwill arose in the acquisition of Hubei Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of future market development in Hubei Province and expected synergies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	4,124,382
Less: cash and cash equivalent balances acquired	(1,547,602)
	2,576,780

Impact of acquisition on the results of the Group

Included in the profit for the year is RMB1,126 million profit attributable to Hubei Group. Turnover for the year includes RMB5,325 million attributable to Hubei Group. Had the acquisition of Hubei Group been effected at the beginning of the year, the total amount of turnover of the Group for the year would have been RMB70,383 million and the amount of the profit for the year would have been RMB10,294 million.

The 'pro-forma' 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 at the beginning of the year, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Hubei Group been acquired at the beginning of the year, the directors have calculated depreciation and amortisation of property, plant and equipment and intangible assets based on the recognised amounts at the date of the acquisition and have determined borrowing costs based on the funding level, credit ratings and debt/equity position of the Group after the business combination.

44. COMMITMENTS

(a) Capital commitments

The Group had capital commitments at 31 December as follows:

	2015	2014
	RMB'000	*RMB'000*
Contracted for but not provided in the financial statements		
– Development of power plants	**21,993,970**	12,037,472
– Improvement projects and others	**356,864**	641,954
	22,350,834	12,679,426

(b) Operating lease commitments

At 31 December, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**91,347**	91,505
After 1 year but within 5 years	**168,037**	232,750
After 5 years	**188,014**	213,202
	447,398	537,457

45. CONTINGENT LIABILITIES

As at 31 December 2015, some subsidiaries of the Company were the defendant in certain lawsuits for events incurred before the acquisition date. At the end of the reporting period, above lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company consider that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

Apart from the litigations and guarantees disclosed in note 41(a)(i), the Group has no other material contingent liabilities as at 31 December 2015 (2014: nil).

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	2015	2014
	RMB'000	*RMB'000*
Financial assets		
– Loans and receivables		
(including cash and cash equivalents)	**20,744,048**	16,105,619
– Available-for-sale investments	**398,917**	386,832
	21,142,965	16,492,451
Financial liabilities		
– Amortised cost	**142,204,067**	137,417,698

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

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

(a) Interest rate risk

The interest rates and terms of repayment of the outstanding interest-bearing liabilities of the Group is disclosed in note 32. At 31 December 2015, fixed rate borrowings comprise 34% of total borrowings of the Group (2014: 37%).

Sensitivity analysis

At 31 December 2015, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Group's profit after tax and total equity by approximately RMB602 million (2014: RMB611 million).

The sensitivity analysis above indicates the Group's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period. The impact on the Group's profit after tax (and retained profits) and consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for prior year.

(b) Credit risk

The Group's credit risk is primarily attributable to trade debtors and bills receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors and bills receivable, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade debtors are due within 30 to 90 days from the date of billing. For bills received from customers, the Group generally accepts only bank acceptance bills in order to minimise the risk of default payment. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 27% and 56% (2014: 32% and 71%) of the total trade debtors and bills receivable were due from the Group's largest customer and the five largest customers respectively.

Except for the financial guarantees given by the Group as set out in note 41(a), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 41(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors and bills receivable are set out in note 27.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At the end of the reporting period, the Group had net current liabilities of RMB43,068 million (2014: RMB49,345 million). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of RMB172.2 billion (2014: RMB110.1 billion) and an aggregate amount of debentures and bonds of RMB10 billion (2014: RMB16.5 billion) registered in the PRC interbank debenture market which has not been issued as at 31 December 2015.

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

	2015						2014					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures payable	15,932,655	–	–	–	15,932,655	15,756,069	17,111,747	–	–	–	17,111,747	16,805,230
Bank loans	20,229,207	12,548,071	26,156,368	36,580,041	95,513,687	73,701,157	22,725,391	10,806,819	24,684,974	40,993,392	99,210,576	72,529,385
Loans from shareholders	698,568	72,730	1,383,189	130,429	2,284,916	1,972,130	610,340	32,950	548,850	105,924	1,298,064	1,120,021
State loans	11,060	10,617	18,262	58,094	98,033	83,877	12,027	11,556	25,878	65,546	115,007	96,462
Other loans	3,883,149	1,828,559	3,847,874	942,214	10,501,796	9,390,466	4,025,247	990,543	3,900,262	1,868,797	10,784,849	9,200,291
Trade creditors and bills payable	16,425,445	–	–	–	16,425,445	16,425,445	14,481,887	–	–	–	14,481,887	14,481,887
Amount due to the parent company	73,530	–	–	–	73,530	73,530	65,073	–	–	–	65,073	65,073
Obligations under finance lease	885,715	890,474	1,983,096	187,163	3,946,448	3,495,514	752,876	772,655	1,872,776	216,115	3,614,422	3,072,153
Other payables	6,397,458	–	–	–	6,397,458	6,397,458	4,716,129	–	–	–	4,716,129	4,716,129
Long-term debentures payable (Including current portion of long-term debentures payable)	3,616,767	2,511,415	9,405,898	–	15,534,080	14,497,767	7,985,797	3,282,454	4,476,986	–	15,745,237	14,920,620
Retirement benefit obligations	–	3,047	9,631	27,430	40,108	24,692	–	–	–	–	–	–
Long-term payables	–	68,704	227,742	981,151	1,277,597	385,962	–	65,375	217,127	1,032,428	1,314,930	410,447
Financial guarantee contracts	70,200	–	–	–	70,200	–	75,600	–	–	–	75,600	–
	68,223,754	17,933,617	43,032,060	38,906,522	168,095,953	142,204,067	72,562,114	15,962,352	35,726,853	44,282,202	168,533,521	137,417,698

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(d) Currency risk

(i) Recognised assets and liabilities

The Group is exposed to currency risk primarily arising from borrowings which are denominated in US$ and Euro, as well as cash and cash equivalents denominated in HK$. Depreciation or appreciation of US$, Euro and HK$ against RMB would affect the financial position and operating results of the Group.

(ii) Exposure to currency risk

The following table details the Group's major exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	2015			2014		
	US$	Euro	HK$	US$	Euro	HK$
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**10,084**	**–**	**4**	3,867	–	110,155
Bank loans	**(724,622)**	**(58,694)**	**–**	(1,148,785)	(71,787)	–
State loans	**–**	**(73,437)**	**–**	–	(84,891)	–
Long-term payables (including current portion of long-term payables)	**–**	**–**	**–**	(209,938)	–	–
Net exposure	**(714,538)**	**(132,131)**	**4**	(1,354,856)	(156,678)	110,155

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and consolidated equity in that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2015			2014		
	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity
	%	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*
US$	**(10)**	**53,591**	**53,591**	(10)	123,318	123,318
Euro	**(10)**	**9,910**	**9,910**	(10)	13,873	13,873
HK$	**(10)**	**–**	**–**	(10)	(11,015)	(11,015)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's profit after tax and equity measured in the Group's functional currency.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(d) Currency risk *(Continued)*

(iii) Sensitivity analysis *(Continued)*

A 10% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2014.

(e) Fair values

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable (note 2(b)).

Financial assets	Fair value as at At 31 December 2015	Fair value as at At 31 December 2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities classified as available-for-sale investment listed – equity securities in the consolidated statement of financial position	**7,886,010 shares of the Bank of Communications Co., Ltd. – RMB51 million**	7,886,010 shares of the Bank of Communications Co., Ltd. – RMB54 million	Level 1	Quoted bid prices in an active market

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

(ii) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	2015 Carrying amount *RMB'000*	2015 Fair value *RMB'000*	2014 Carrying amount *RMB'000*	2014 Fair value *RMB'000*
Fixed rate borrowings and debentures payable	**16,508,610**	**16,799,322**	16,764,322	16,748,571

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the Group entities.

47. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment for non-current assets

If circumstances indicate that the net book value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36, Impairment of assets.

The carrying amounts of individual assets or the CGUs containing the non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. The assets or the CGUs are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use.

In determining the value in use, expected cash flows generated by the assets or the CGUs are discounted to their present value, which requires significant judgement relating to level of sale volume, tariff and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, tariff and amount of operating costs.

(b) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated and amortised over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

47. ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(c) Impairment for bad and doubtful debts

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

(d) Deferred tax assets

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

(e) Useful life of land use rights

Note 20 contains information relating to the indefinite life of the acquired land use rights which were assigned by the PRC's land bureau with indefinite land use period. Where the expectation is different from the original assumptions, such difference will impact carrying amount of the intangible assets and amortisation and impairment loss on intangible assets charged to profit or loss in the period in which such assumptions have been changed.

(f) Provision on remediation costs

The estimation of the liabilities for mine disposal and environmental restoration involves the estimates of the amount and timing of future cash outflows as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including the size of mining area, future production development plan and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred.

48. PARENT AND ULTIMATE HOLDING COMPANY

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

(Expressed in Renminbi)

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

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

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

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

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

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are 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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss 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.

49. POSSIBLE IMPACT OF AMENDMENTS TO STANDARDS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015 *(CONTINUED)*

Key requirements of IFRS 9 are described below: *(Continued)*

- The new general hedge accounting requirements retain the three types of hedge accounting. However, 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 effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the directors anticipate that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2015.

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on 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.

49. POSSIBLE IMPACT OF AMENDMENTS TO STANDARDS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015 *(CONTINUED)*

IFRS 16 Leases

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

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

The directors of the Company will assess the impact of the application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detailed review.

The Group is in the process of making an assessment of the impact of these amendments to standards and new standard. So far it has concluded that the adoption of them is unlikely to result in significant impact on the Group's results of operations and financial position.

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015	2014
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	**10,482,499**	7,972,743
Construction in progress	**4,672,839**	4,325,905
Lease prepayments	**147,265**	95,882
Intangible assets	**19,067**	17,612
Goodwill	**46,524**	46,524
Investments in subsidiaries	**38,398,321**	34,296,458
Interests in associates and a joint venture	**5,996,617**	5,923,600
Available-for-sale investments	**130,109**	130,109
Other non-current assets	**770,359**	409,483
	60,663,600	53,218,316
Current assets		
Inventories	**253,286**	453,979
Lease prepayments	**9,982**	8,648
Trade debtors and bills receivable	**610,628**	745,744
Amounts due from subsidiaries	**9,394,544**	9,655,457
Deposits, other receivables and prepayments	**3,944,236**	1,539,157
Cash and cash equivalents	**4,450,017**	1,559,719
	18,662,693	13,962,704
Current liabilities		
Bank loans	**4,065,681**	5,626,957
State loans	**1,018**	1,018
Other loans	**848,000**	1,998,000
Short-term debentures payables	**15,756,069**	16,805,230
Long-term debentures payables-current portion	**2,996,498**	7,392,270
Amount due to the parent company	**17,640**	760
Amounts due to subsidiaries	**145,689**	664,140
Trade creditors and bills payable	**1,613,833**	603,777
Other payables	**1,596,291**	1,616,724
	27,040,719	34,708,876
Net current liabilities	**(8,378,026)**	(20,746,172)
Total assets less current liabilities	**52,285,574**	32,472,144

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(CONTINUED)*

	2015	2014
	RMB'000	*RMB'000*
Non-current liabilities		
Bank loans	**6,094,903**	2,461,835
State loans	**4,073**	5,091
Other loans	**1,670,000**	1,088,000
Long-term debentures payable	**10,560,939**	7,052,401
Deferred government grants	**115,448**	96,590
Deferred tax liabilities	**49,702**	46,915
	18,495,065	10,750,832
NET ASSETS	**33,790,509**	21,721,312
CAPITAL AND RESERVES		
Share capital	**9,862,977**	8,807,290
Reserves	**23,927,532**	12,914,022
TOTAL EQUITY	**33,790,509**	21,721,312

Movement in the Company's reserves

	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	7,371,084	5,879,416	1,555,951	68,089	1,669,836	16,544,376
Shares issued	1,436,206	2,975,664	–	–	–	4,411,870
Dividends recognised as distribution	–	–	–	–	(1,658,494)	(1,658,494)
Appropriation of general reserve	–	–	220,173	–	(220,173)	–
Early repayments of certain interest-free loans from China Huadian	–	(14,111)	–	–	–	(14,111)
Profit and other comprehensive income for the year	–	–	–	–	2,437,671	2,437,671
Balance at 31 December 2014	8,807,290	8,840,969	1,776,124	68,089	2,228,840	21,721,312
Shares issued	1,055,687	5,994,425	–	–	–	7,050,112
Dividends recognised as distribution	–	–	–	–	(2,377,968)	(2,377,968)
Appropriation of general reserve	–	–	691,157	–	(691,157)	–
Profit and other comprehensive income for the year	–	–	–	–	7,397,053	7,397,053
Balance at 31 December 2015	9,862,977	14,835,394	2,467,281	68,089	6,556,768	33,790,509

Five Years Financial Summary

	2011 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*	**2015** ***RMB'000***
Turnover	54,178,060	59,079,714	66,049,455	67,781,771	**66,788,917**
Profit before taxation	164,993	2,637,279	7,094,676	9,458,091	**12,937,027**
Income tax credit	(29,919)	(689,531)	(1,515,481)	(1,936,271)	**(3,157,593)**
Profit for the year	135,074	1,947,748	5,579,195	7,521,820	**9,779,434**
Attributable to:					
Equity shareholders of the Company	73,814	1,446,792	4,096,933	5,959,045	**7,329,439**
Non-controlling interests	61,260	500,956	1,482,262	1,562,775	**2,449,995**
Profit for the year	135,074	1,947,748	5,579,195	7,521,820	**9,779,434**
Total non-current assets	136,057,039	147,992,396	156,315,197	168,114,901	**185,899,680**
Total current assets	13,001,813	17,228,652	16,981,399	20,735,128	**24,076,076**
Total assets	149,058,852	165,221,048	173,296,596	188,850,029	**209,975,756**
Total current liabilities	(54,003,678)	(56,412,527)	(62,119,087)	(70,080,098)	**(67,143,909)**
Total non-current liabilities	(71,255,137)	(81,077,965)	(77,697,802)	(75,833,469)	**(84,769,708)**
Net assets	23,800,037	27,730,556	33,479,707	42,936,462	**58,062,139**
Total equity attributable to equity shareholders of the Company	16,285,073	19,444,378	23,010,521	31,705,180	**43,699,189**
Non-controlling interests	7,514,964	8,286,178	10,469,186	11,231,282	**14,362,950**
Total equity	23,800,037	27,730,556	33,479,707	42,936,462	**58,062,139**

Supplements

1. DIFFERENCES ON ACCOUNTING FIGURES BY ADOPTING DOMESTIC AND FOREIGN ACCOUNTING PRINCIPLES

RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

Effects of major differences between the CAS and IFRSs on net profit and net assets attributable to equity shareholders of the Company are analysed as follows:

		Profit for the year attributable to equity shareholders of the Company		Total equity attributable to equity shareholders of the Company	
		2015	2014	**31 December 2015**	31 December 2014
	Notes	***RMB'000***	*RMB'000* (Restated)	***RMB'000***	*RMB'000* (Restated)
Amounts under CAS		**7,693,880**	6,355,824	**42,368,831**	34,145,232
Adjustments:					
Business combination involving entities under common control	(i)	**(755,748)**	(999,840)	**3,357,611**	(4,416,338)
Government grants	(ii)	**35,622**	29,431	**(454,761)**	(444,060)
Maintenance, production and other similar funds	(iii)	**(17,677)**	56,245	**4,547**	818
Taxation impact of the adjustments		**37,238**	6,775	**(744,918)**	(78,483)
Attributable to non-controlling interests		**336,124**	510,610	**(832,121)**	2,498,011
Amounts under IFRSs		**7,329,439**	5,959,045	**43,699,189**	31,705,180

Notes:

(i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognised as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquiree for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

(ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortised to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognised as deferred income.

(iii) Pursuant to the relevant PRC regulations for coal mining companies, provision for production maintenance, production safety and other similar funds are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.

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