



中国大唐集团新能源股份有限公司
China Datang Corporation Renewable Power Co., Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 1798



2015
Annual Report

*For identification purpose only

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Chairman's Statement



Chairman
Wang Yeping



Chairman's Statement *(Continued)*



Dear Shareholders,

In 2015, China intensified reform comprehensively. Domestic economy development entered into the stage of New Normal; ecologic civilization, energy production and consumption reform marched into a new stage; the progress of electric power system reform and industrial structure adjustment toward a new age was accelerated; renewable energy enterprises experienced profound changes in development environment. Confronted by the complex and dynamic economic situation as well as the strategic opportunity for the renewable energy industry development, the Board adhered to the belief of “value-based, efficiency-oriented”, accelerated structural adjustment, solution to reform difficulties, innovative promotion and development optimization, and put more efforts in improvement in stock asset management, increasing profit growth points and enhancement of professional technical skills and comprehensive quality of talents. The Company's capability of making profit and core competitiveness were further strengthened, bringing about a new situation in scientific development.

In 2015, the Company increased its approved capacity by 1,308.7 MW and projects with capacity of 1,113.4 MW were put into operation. As at the end of 2015, the Company's consolidated installed capacity on an accumulative basis amounted to 7,151 MW, including 7,029 MW from wind power, 117 MW from solar energy and 5 MW from other clean energy. The Group achieved electricity generation of 10,761 GWh, which represented a saving of 3.59 million tons standard coal and reduction of 9.40 million tons carbon dioxide emission, and performed the corporate mission and corporate social responsibility of energy conservation and emission reduction.

2016 is the beginning year of the final stage of building a comprehensive well-off society, also the crucial year for tackling difficulties in structural reform. The Board will sincerely fulfill the mission of developing clean energy, follow the development strategy of renewable energy industry and industrial development program, insist on the concept of “value-based, efficiency-oriented”, seize the development opportunities, take the deepening of enterprise reform as motivation and construction of talent team as guarantee, accelerate structural adjustment and management enhancement, comprehensively improve the Company's profitability and sustainable development capability, facilitate the construction of first-class renewable energy enterprise and create an all-round new situation for development in the Thirteenth Five-year Plan period.

Finally, on behalf of the Board, I would like to express our heartfelt gratitude to all the shareholders and friends from all circles in the society for their trust and support.

Chairman of the Board
Wang Yeping

Message from the President

President
Zhang Chunlei



Message from the President *(Continued)*



Dear Shareholders,

In 2015, with the great support of shareholders and the correct decision-making of the Board, the management and all employees worked together to forge ahead with determination, and adhered to the concept of “value-based, efficiency-oriented” in speeding up the optimized development and system and mechanism innovation, enhancing the improvement of professional technical capability and the building of cadre forces, and continuously optimizing regional structure. The capacity put into operation hit a high record; outstanding results were achieved in the equipment management; operating situations were improved greatly, management capability was improved continuously, outstanding results were realized through technological innovation. All these ushered in a new situation of scientific development.

The Company enjoyed sustained and steady production throughout the year, with new projects approved of 1,309 MW and new grid connection capacity of 1,113.4 MW, marking historical breakthrough in the production capacity put into operation. The favorable opportunity of interest rate reduction was seized; the debt restructuring was implemented; efforts for the recovery of electricity subsidies from the state was intensified; the rebate on value-added tax was actively sought; and remarkable achievements were made in cost decreasing and benefit increasing. Throughout the year, the Company’s controllable expense per kW marked the lowest record in history. The total profits throughout the year stood at RMB155 million, successfully reducing losses and increasing profits.

Message from the President *(Continued)*

2016 is the beginning year of the Thirteenth Five-year Plan period. The clean energy development is strongly supported by national favorable policies. A new round of electric power system reform has entered the stage of all-sided implementation. The construction of domestic carbon market has commenced. The reforms in the supply side have been accelerated. The implementation of innovative promotion and “Go Global” strategy has provided us with great opportunities. We need to build up our confidence, grasp the opportunity, confront the difficulties, center on the economic benefit, and focus on the development requirements of structure adjustment firmly and the eternal theme of management improvement so as to expedite the transformation of development mode and structural adjustment, speed up system and mechanism reform and management innovation, intensify design and operation optimization, comprehensively improve professional technology capacity and capital operation level, continuously enhance the Company’s culture cohesion, comprehensive competitiveness and market influence, aiming for new operation and development results and creating a new landscape for the Company’s scientific development.

We would like to extend our heartfelt gratitude to all the shareholders and friends from all circles in the society. Under the leadership of the Company’s Board, we will strive to bring more favourable return to shareholders through building up our confidence.

President
Zhang Chunlei

Company Profile



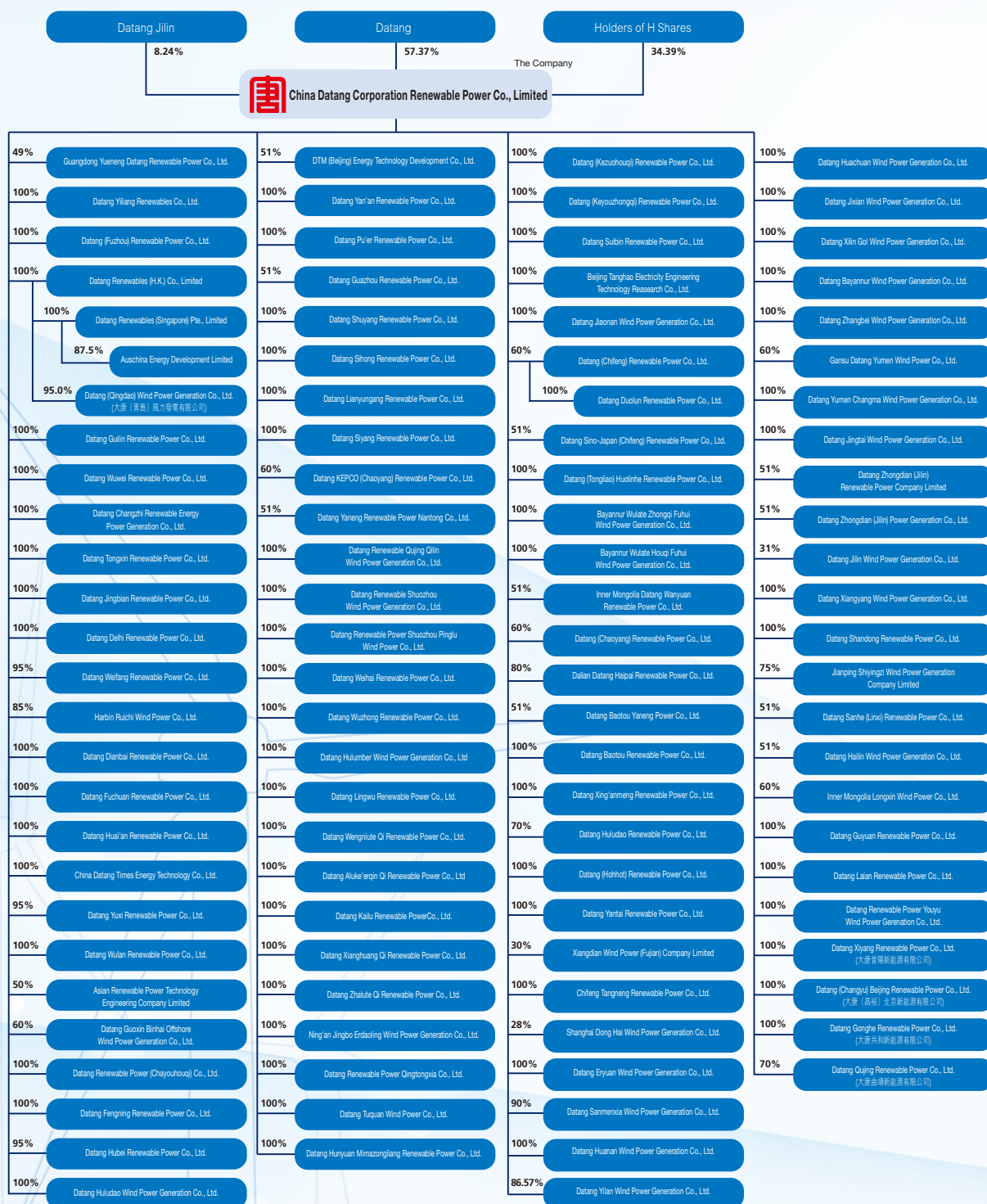
The predecessor of China Datang Corporation Renewable Power Co., Limited (referred to as Datang Renewable, stock code: 1798) was Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (大唐赤峰塞罕壩風力發電有限公司) which was established on 23 September 2004 and subsequently renamed to China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源有限公司) on 19 March 2009. It was one of the earliest power enterprises that engaged in the development of new energy in PRC. Since the establishment of the Company and after several years of rapid development, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on 17 December 2010. As at 31 December 2015, the Company had a total of 7,273,701,000 issued shares, among which the Company's controlling shareholder China Datang Corporation holds an aggregate of 65.61%.

The Group is principally engaged in the development, investment, construction and management of wind power and other renewable energy sources; research and development, application and promotion of low carbon technology; research, sale, testing and maintenance of renewable energy-related equipment; power generation; design, construction and installation, repair and maintenance of domestic and overseas power projects; import and export services of renewable energy equipment and technologies; foreign investment; renewable energy-related consulting services; as well as leasing of property.

The Group is actively engaged in the renewable sources business including wind power, solar power and biomass. As at 31 December 2015, the Group's consolidated installed capacity amounted to 7,151.42 MW, including 7,028.95 MW of wind power installed capacity.

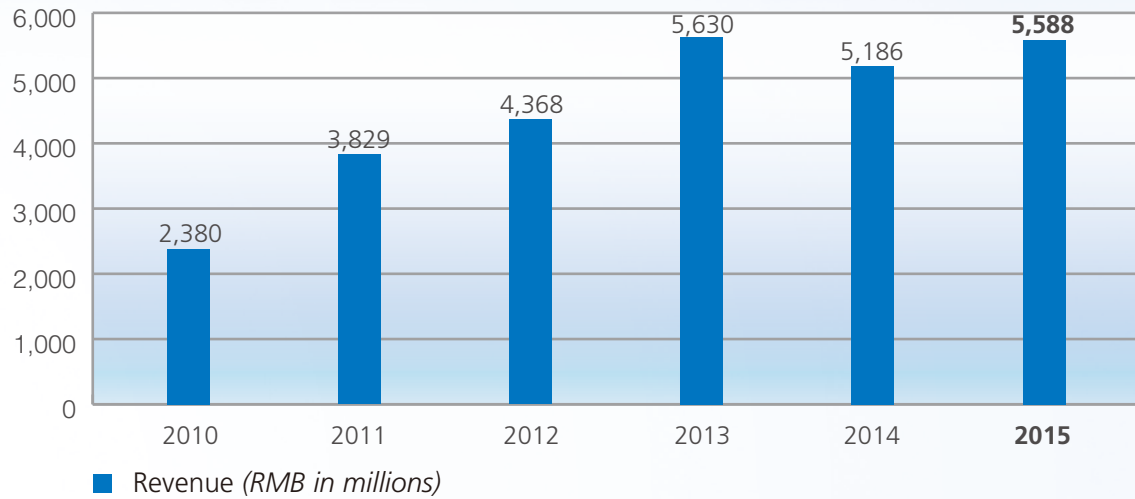
Company Profile (Continued)

Corporate Structure: As at 31 December 2015, the Company's major corporate structure was as follows:

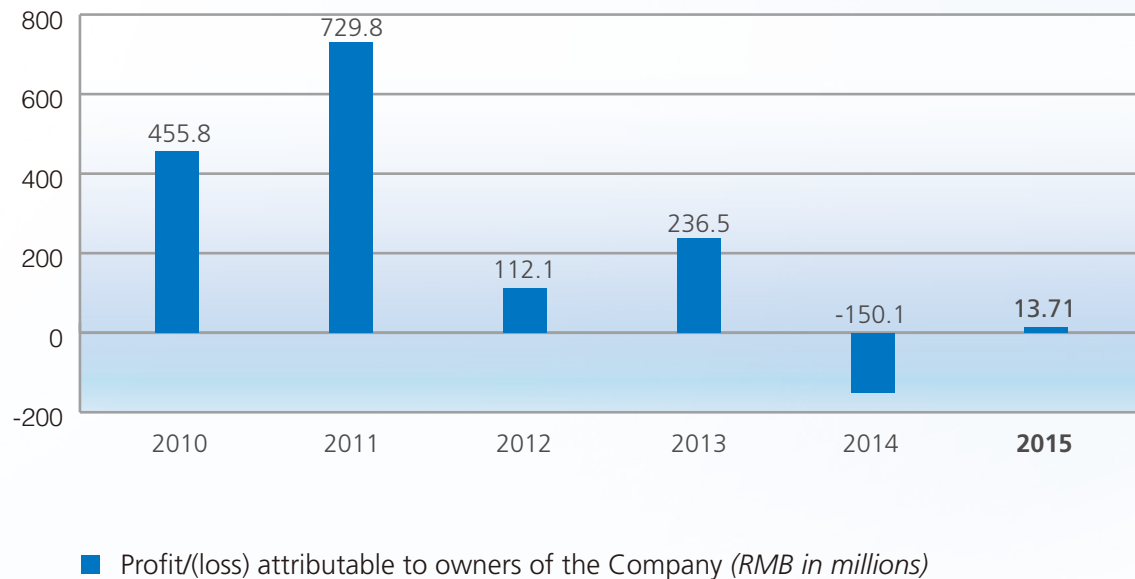


Key Operating and Financial Data

1. REVENUE:

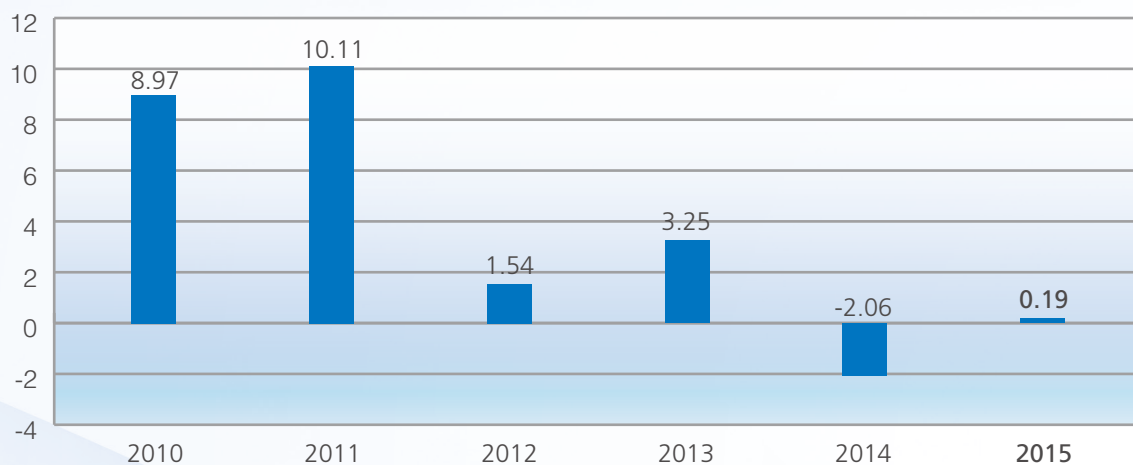


2. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



Key Operating and Financial Data (Continued)

3. BASIC EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



■ Basic earnings/(loss) per share for profit/(loss) attributable to owners of the Company (RMB in cents)

4. CONSOLIDATED INSTALLED CAPACITY

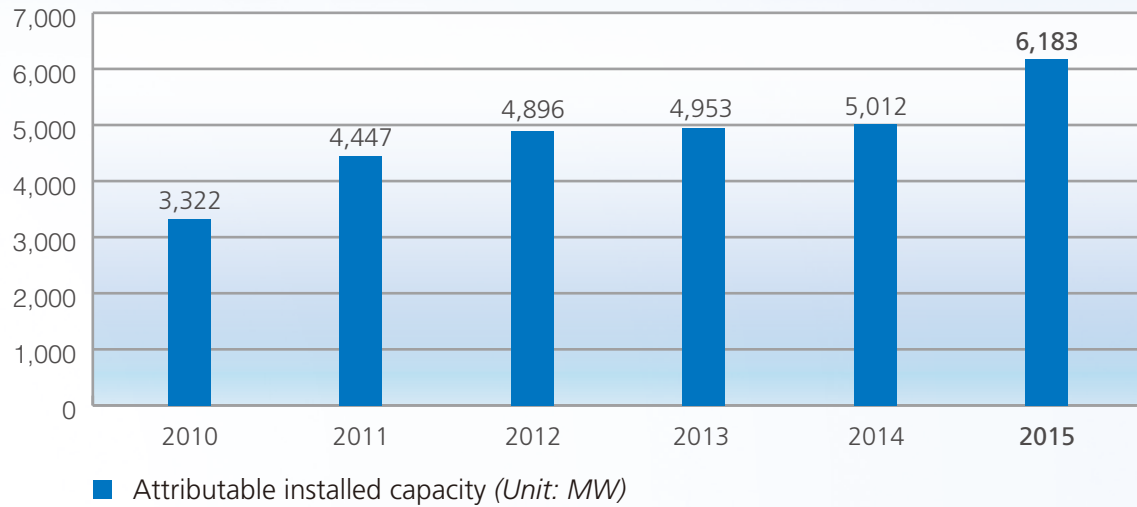


■ Consolidated installed capacity (Unit: MW)

Key Operating and Financial Data (Continued)



5. ATTRIBUTABLE INSTALLED CAPACITY



Financial Highlights

	Year ended December 31,				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5,588,265	5,185,960	5,630,285	4,368,015	3,828,808
Other income and other gains – net	116,846	230,946	126,198	277,394	518,350
Operating expenses	(3,620,625)	(3,293,229)	(3,298,497)	(2,530,991)	(1,918,177)
Operating profit	2,084,486	2,123,677	2,457,986	2,114,418	2,428,981
Profit before taxation	155,290	(61,662)	360,439	176,337	1,005,258
Income tax (expense)/benefit	(92,276)	(65,900)	(53,074)	10,217	(34,954)
Profit for the year	63,014	(127,562)	307,365	186,554	970,304
Total other comprehensive income/(loss)	(50,149)	(180,867)	241,534	(98,144)	(75,695)
Total comprehensive income for the year	12,865	(308,429)	548,899	88,410	894,609
Profit attributable to:					
– Owners of the Company	13,711	(150,115)	236,500	112,148	729,842
– Non-controlling interests	49,303	22,553	70,865	74,406	240,462
	63,014	(127,562)	307,365	186,554	970,304
Total comprehensive income attributable to:					
– Owners of the Company	(36,265)	(330,740)	478,783	14,447	654,147
– Non-controlling interests	49,130	22,311	70,116	73,963	240,462
Basic and diluted earnings/(loss) per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	0.0019	(0.0206)	0.0325	0.0154	0.1011

Financial Highlights (Continued)



	As at December 31,				
	2015	2014	2013	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	57,205,464	53,427,082	50,476,748	49,010,536	44,975,075
Total current assets	3,609,047	6,682,878	5,911,565	7,372,131	9,307,830
Total assets	60,814,511	60,109,960	56,388,313	56,382,667	54,282,905
Equity attributable to owners of the Company	10,765,462	10,918,363	9,291,985	8,815,729	9,088,648
Non-controlling interests	2,813,602	2,729,918	2,570,961	2,680,917	2,647,019
Total equity	13,579,064	13,648,281	11,862,946	11,496,646	11,735,667
Total non-current liabilities	30,173,150	35,510,392	34,254,965	32,922,165	29,717,142
Total current liabilities	17,062,297	10,951,287	10,270,402	11,963,856	12,830,096
Total liabilities	47,235,447	46,461,679	44,525,367	44,886,021	42,547,238
Total equity and liabilities	60,814,511	60,109,960	56,388,313	56,382,667	54,282,905

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

In 2015, according to the data published by National Energy Administration, the total electricity consumption was 5,550 TWh, representing a year-on-year increase of 0.5% and 3.3 percentage points of decrease of the growth rate. The Chinese wind power industry maintained a strong momentum of growth; the newly installed wind power capacity was 32.97 GW in the year, reaching a record high; the accumulated grid-connected installed capacity reached 129 GW, accounting for 8.6% of the total installed generation capacity. In 2015, the wind power generation capacity was 186.3 TWh, accounting for 3.3% of the total. In the year, the newly approved wind power capacity was 43 GW, representing a year-on-year growth of 7 GW; the accumulated approved capacity was 216 GW, and accumulated approved capacity under construction was 87.07 GW.

In 2015, the average utilisation time of wind power in China was 1,728 hours, representing a year-on-year decrease of 172 hours. The wind curtailment and electricity limitation tendency became intensified, representing a year-on-year growth of 7%.

In 2015, the reform in electricity was promoted by the State with the issuance of the Several Opinions on Further Deepening the Reform of the Electric Power System (《關於進一步深化電力體制改革的若干意見》) and the Guidance on Improving Power Sector Operation to Enable More Generation and Full Generation of Clean Energy (《關於改善電力運行調節促進清潔能源多發滿發的指導意見》). In the meanwhile, the Notice on Grid Connection and Consumption of Wind Power in 2015 (《關於做好2015年度風電併網消納有關工作的通知》) was issued and 6 supporting documents regarding the reform of the electric power system were prepared with the purpose of guaranteeing the sound and sustained development of the new energy industry.



II. BUSINESS OVERVIEW

As at 31 December 2015, the Group's consolidated installed capacity amounted to 7,151 MW, representing an increase of 18.44% over last year. Electricity generation for the year amounted to 10,761 GWh, representing a year-on-year increase of 4.12%. The Group's average on-grid tariff (tax inclusive) was RMB593.51 per MWh. Profit attributable to the equity holders of the Company amounted to RMB13.71 million.

1. Stabilize production safety

Throughout 2015, the Group always put the safe production in the first place, continuously promoting the construction of safe production supervision system and assurance system and paying special attention to safe production responsibility and system implementation. The enhancement of special management of equipment considerably decreased the failure rate of the equipments. The availability of wind turbine maintained at a relatively high level.

For the year of 2015, the power generation capacity totaled 10,761 GWh, seeing a year-on-year rise of 4.12%. The wind power generation capacity reached 10,551 GWh, seeing a year-on-year rise of 4.32%. The wind power curtailment ratio increased from 12.90% in 2014 to 19.73%. The utilisation hours of wind power throughout the year reached 1,745.22 hours, decreasing by 57.87 hours compared with that of last year, seeing a year-on-year decrease of 3.21%.

Management Discussion and Analysis (Continued)

As at 31 December 2015, the consolidated wind power generation of the Group by geographical area was as follows:

Region	Consolidated wind power generation as at the end of 2015 (MWh)	Consolidated wind power generation as at the end of 2014 (MWh)	Rate of change in consolidated wind power generation
Inner Mongolia	4,646,158	4,635,558	0.23%
Heilongjiang	612,409	677,553	-9.61%
Jilin	966,793	972,074	-0.54%
Liaoning	534,439	563,419	-5.14%
Hebei	95,779	78,826	21.51%
Gansu	685,358	583,724	17.41%
Ningxia	413,493	469,684	-11.96%
Henan	240,105	221,483	8.41%
Shanxi	457,536	389,385	17.50%
Shaanxi	170,132	158,215	7.53%
Yunnan	324,480	234,150	38.58%
Shandong	877,708	798,250	9.95%
Guangdong	75,832	88,406	-14.22%
Shanghai	340,533	223,779	52.17%
Anhui	66,805	19,984	-
Guangxi	43,718	-	-
Total	10,551,280	10,114,490	4.32%

Management Discussion and Analysis (Continued)



As at 31 December 2015, the average utilisation hours of the Group's wind farms by region were as follows:

Region	Average wind farms utilisation hours in 2015 (hours)	Average wind farms utilisation hours in 2014 (hours)	Rate of change in average utilisation hours of wind farms
Inner Mongolia	1,930.63	1,955.98	-1.30%
Heilongjiang	1,527.21	1,689.66	-9.61%
Jilin	1,491.73	1,499.88	-0.54%
Liaoning	1,640.39	1,729.34	-5.14%
Hebei	1,725.75	1,592.43	8.37%
Gansu	1,173.96	1,412.72	-16.90%
Ningxia	1,550.17	1,897.71	-18.31%
Henan	2,383.18	2,198.35	8.41%
Shanxi	1,859.90	1,966.59	-5.42%
Shaanxi	1,718.51	1,598.13	7.53%
Yunnan	2,364.15	2,383.21	-0.80%
Shandong	1,652.93	1,612.63	2.50%
Guangdong	1,531.95	1,785.98	-14.22%
Shanghai	2,727.75	2,193.91	24.33%
Anhui	1,391.77	1,665.30	-16.43%
Guangxi	1,987.17	–	–
Total	1,745.22	1,803.09	-3.21%

Management Discussion and Analysis (Continued)

As at 31 December 2015, the consolidated solar power generation of the Group by region was as follows:

Region	Consolidated solar power generation as at the end of 2015 (MWh)	Consolidated solar power generation as at the end of 2014 (MWh)	Rate of change in consolidated solar power generation
Jiangsu	17,092	17,972	-4.90%
Ningxia	71,866	80,336	-10.54%
Qinghai	92,430	95,920	-3.64%
Total	181,388	194,228	-6.61%

As at 31 December 2015, the average utilisation hours of the Group's solar power stations by region were as follows:

Region	Average utilisation hours of solar power stations in 2015 (hours)	Average utilisation hours of solar power stations in 2014 (hours)	Rate of change in average utilisation hours of solar power stations
Jiangsu	925.37	973.05	-4.90%
Ningxia	1,466.66	1,639.51	-10.54%
Qinghai	1,848.59	1,918.39	-3.64%
Total	1,544.12	1,653.43	-6.61%

Management Discussion and Analysis (Continued)



2. New progress in early stage development

In 2015, The Group focused on the development requirement of optimisation and adjustment, continuously optimizing regional structure and industrial structure. The capacity of approved projects was 1,308.7 MW; the proportion of approved project in regions not subject to electricity limitation was 92%. Under the tendency of continuous decreasing price of onshore wind power in China, the Group strengthened the development of offshore wind power project with stable electricity price and achieved great progress; the change of the licensed 300 MW coastal wind power project into regular offshore wind power project was approved by National Energy Administration and the conditions for commencement are available.

In 2015, the capacity of newly approved capacity of wind power projects of the Group was 1,308.7 MW. As at 31 December 2015, the Group had accumulated approved capacity of wind power of 11,486.4 MW in aggregate, among which, the capacity of projects approved but not put into production was 4,459.45 MW.

Region	Capacity included in the national approval plan (MW)	Cumulative approved capacity (MW)	Unapproved capacity included in the national wind power approval plan (MW)
Inner Mongolia	678.00	3,254.70	–
Heilongjiang	250.00	738.50	–
Jilin	200.00	697.60	100.00
Liaoning	243.00	559.30	48.00
Hebei	397.50	447.00	–
Gansu	349.50	843.80	–
Ningxia	99.50	793.00	–
Henan	42.00	145.80	–
Shanxi	578.50	826.00	–
Shaanxi	198.50	198.50	–
Yunnan	495.50	393.80	–
Shandong	643.00	1,004.50	48.00

Management Discussion and Analysis (Continued)

Region	Capacity included in the national approval plan (MW)	Cumulative approved capacity (MW)	Unapproved capacity included in the national wind power approval plan (MW)
Guangdong	89.00	49.50	89.00
Shanghai	10.00	204.20	10.00
Jiangsu	147.00	348.00	97.50
Zhejiang	46.00	–	–
Anhui	241.50	241.00	–
Fujian	126.00	96.00	–
Jiangxi	46.00	–	–
Hubei	147.50	48.00	48.00
Hunan	149.00	–	49.90
Guangxi	297.50	297.00	–
Guizhou	97.50	96.00	–
Qinghai	50.00	49.50	–
Beijing	49.70	49.70	–
Chongqing	99.00	99.00	–
Hainan	–	6.00	–
Total	5,771.10	11,486.40	490.40

In 2015, the Group initiated solar power and other businesses while focusing on development of wind power business. As at 31 December 2015, the Group's solar power approved but not put into production was 125 MW.

Management Discussion and Analysis (Continued)



3. Rapid growth of capacity put into operation

In 2015, the Group promoted the construction of high-quality projects through a variety of methods and achieved rapid growth of capacity put into operation through optimised design, arrangement of construction period in a scientific manner and refined process management. By the end of the year, the installed capacity put into operation amounted to 1,113.4 MW.

As at 31 December 2015, the Group's total consolidated installed capacity increased by 18.44% over the last year to 7,151.42 MW, in which the consolidated wind power installed capacity was 7,028.95 MW, representing a year-on-year increase of 18.82%, and the consolidated installed capacity of solar power and other renewable energy were 117.47 MW and 5 MW respectively.

As at 31 December 2015, the consolidated installed capacity of wind power of the Group by region was as follows:

Region	Consolidated installed capacity as at the end of 2015 (MW)	Consolidated installed capacity as at the end of 2014 (MW)	Rate of change in consolidated installed capacity
Inner Mongolia	2,605.55	2,507.35	3.92%
Heilongjiang	401.00	401.00	—
Jilin	648.10	648.10	—
Liaoning	325.80	325.80	—
Hebei	99.00	49.50	100.00%
Gansu	845.80	542.80	55.82%
Ningxia	497.50	247.50	101.01%
Henan	100.75	100.75	—
Shanxi	297.00	198.00	50.00%
Shaanxi	99.00	99.00	—
Yunnan	197.25	98.25	100.76%
Shandong	561.00	495.00	13.33%

Management Discussion and Analysis (Continued)

Region	Consolidated installed capacity as at the end of 2015 (MW)	Consolidated installed capacity as at the end of 2014 (MW)	Rate of change in consolidated installed capacity
Guangdong	49.50	49.50	–
Shanghai	204.20	102.00	100.20%
Anhui	48.00	48.00	–
Guangxi	49.50	3.00	1,550.00%
Total	7,028.95	5,915.55	18.82%

As at 31 December 2015, the consolidated installed capacity of solar power of the Group by region was as follows:

Region	As at 31 December 2015 (MW)	As at 31 December 2014 (MW)	Year-on-year change
Jiangsu	18.47	18.47	–
Ningxia	49.00	49.00	–
Qinghai	50.00	50.00	–
Total	117.47	117.47	–



4. Significant improvement of operating situations

In 2015, the Group intensified the supervision, assessment and management of wind curtailment and electricity limitation, so as to minimise the resultant loss. The overall planning management was further enhanced, guaranteeing the construction schedule and the electricity price for projects. The recovery of electricity subsidies was intensified, with the shortfalls in the previous years basically recovered. The comprehensive budget management was strengthened, the favorable opportunity of interest rate reduction was seized, the controllable expense was reduced and the operation costs were lowered, significantly improving the state of business operation.

5. New achievements in technological innovation

In 2015, the Group built the technical service system for upstream and downstream industries of wind power, the wind and solar resource assessment reached the advanced level in China. New progress was made in the technological research of wind turbine efficiency improvement. On the basis of achievements made in the research of blade extending and intensifying assemblies for efficiency improvement, it also made the technical breakthrough in tip vane and extension vane. The technical achievement of optimising pitch control strategy was approved by Wind Machinery Association. The Group independently researched and developed the universal wind turbine control system for use in optimising control strategy of the master control system, and made new achievements in the patent development and technical standard declaration. In 2015, the Company was granted 63 new patents, including 7 invention patents, and was selected as a patent demonstration enterprise in Beijing. In an effort to further enhance its influence and have more say in the field of new energy technologies, the Group successfully applied for one IEEE international standard and 2 PV industrial standards as the chief editorial unit, and was approved as the first Chinese technical counterpart to IEC/TC 117 by Standardization Administration of China, joined in the formulation of international photo-thermal standards on behalf of China and was the first among the five power generation groups to be domestic counterpart to the International Organization for Standardisation.

Management Discussion and Analysis (Continued)

III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND OPERATING RESULTS

The following discussion should be read in conjunction with the financial information of the Group together with the accompanying notes included in this annual report and other sections therein.

1. Overview

The Group's profit for 2015 amounted to RMB63.01 million, representing an increase of RMB190.58 million as compared with a loss of RMB127.56 million in 2014. Profit attributable to the owners of the Company amounted to RMB13.71 million.

2. Revenue

The Group's revenue increased by 7.76% to RMB5,588.27 million in 2015 compared with RMB5,185.96 million in 2014, primarily due to increase in revenue from sales of electricity and from provision of services under concession arrangements.

The Group's electricity sales revenue increased by 2.58% to RMB5,263.99 million in 2015 compared to RMB5,131.50 million in 2014, primarily due to the increase in capacity put into operation.

3. Other income and other gains, net

The Group's other income and other gains, net decreased by 49.41% to RMB116.85 million in 2015 compared to RMB230.95 million in 2014, primarily due to the decrease in government grants obtained and certain compensation received from a wind turbine supplier.

The Group's government grants decreased by 31.97% to RMB104.56 million in 2015 compared to RMB153.69 million in 2014, primarily due to the decrease in value-added tax refund received during the year.



4. Operating expenses

The Group's operating expenses (excluding service concession construction costs) increased by 2.67% to RMB3,373.38 million in 2015 compared to RMB3,285.61 million in 2014, mainly due to the increase in depreciation and amortisation charges as a result of higher installed capacity.

The Group's depreciation and amortisation charges increased by 6.74% to RMB2,520.66 million in 2015 compared to RMB2,361.51 million in 2014, primarily due to the increase in installed capacity.

The Group's employee benefit expenses increased by 2.76% to RMB416.33 million in 2015 compared to RMB405.15 million in 2014, primarily due to the increase in expensed labour cost as a result of increase in capacity put into operation.

The Group's other operating expenses decreased by 26.20% to RMB259.65 million in 2015 compared to RMB351.81 million in 2014, primarily due to the strengthening of cost control and control of administrative expenses.

5. Operating profit

The Group's operating profit decreased by 1.85% to RMB2,084.49 million in 2015 compared to RMB2,123.68 million in 2014, mainly due to the decrease in average utilisation hours of wind turbines.

6. Finance expenses, net

The Group's net finance expenses decreased by 13.23% to RMB1,938.76 million compared with RMB2,234.42 million in 2014, primarily due to interest rate reduction by the People's Bank of China and debt restructuring by the Group.

7. Share of profit of investments in associates and joint ventures

The Group recorded a profit of RMB9.49 million in share of profit of associates in 2015 as compared with RMB50.66 million in share of profit of associates in 2014.

The Group recorded a profit of RMB0.08 million in share of profit of joint ventures in 2015 as compared with RMB1.57 million in share of loss of joint ventures in 2014.

Management Discussion and Analysis (Continued)

8. Income tax expense

The Group's income tax expense was RMB92.28 million in 2015, representing an increase by 40.02% from RMB65.90 million in 2014. This was mainly due to the fluctuation in profits of, and the mixed commencement and expiration of tax reliefs for certain subsidiaries of the Company located in regions with preferential income tax rates.

9. Profit/(loss) for the year

The Group's profit for the year increased by RMB190.58 million to RMB63.01 million in 2015 compared to a loss of RMB127.56 million in 2014. For the year ended 31 December 2015, the Group's profit for the year as a percentage of its total revenue (excluding revenue from provision of services under concession arrangements) increased to 1.18% as compared with that of -2.46% in 2014.

10. Profit attributable to the owners of the Company

The profit attributable to the owners of the Company increased by RMB163.83 million to RMB13.71 million in 2015 compared to a loss of RMB150.12 million in 2014.

11. Profit attributable to non-controlling interests

The profit attributable to non-controlling interests of the Group increased by 118.61% to RMB49.30 million in 2015 compared to RMB22.55 million in 2014.

12. Liquidity and capital sources

As at 31 December 2015, the Group's cash and cash equivalents decreased by 50.79% to RMB1,077.79 million compared to RMB2,190.21 million as at 31 December 2014. The main sources of the Group's operating capital are revenue from the sales of electricity.

As at 31 December 2015, the Group's borrowings decreased by 2.29% to RMB40,298.01 million compared to RMB41,243.20 million as at 31 December 2014. In particular, RMB10,573.99 million (including RMB6,783.57 million of long-term borrowings due within one year) was short-term borrowings, and RMB29,724.03 million was long-term borrowings. The above borrowings include borrowings of RMB40,166.28 million denominated in RMB and borrowings of RMB131.73 million denominated in USD.

Management Discussion and Analysis (Continued)



As at 31 December 2015, the Group has unutilised financing facilities amounting to approximately RMB62,472.73 million, of which approximately RMB17,859.00 million are subject to renewal in the next 12 months from the end of the reporting period.

13. Capital expenditure

The Group's capital expenditure increased by 18.43% to RMB6,649.21 million in 2015 compared to RMB5,614.26 million in 2014. Capital expenditure mainly comprises construction costs including acquisition or construction of property, plant and equipment, land use rights and intangible assets.

14. Net gearing ratio

The Group's net gearing ratio (net debt (total borrowings less cash and cash equivalents) divided by the sum of net debt and total equity) was 74.28% in 2015, 0.18 percentage points higher than 74.10% as in 2014.

15. Significant investment

In 2015, the Group made no significant investment.

16. Material acquisition and disposal

In 2015, the Group had no material acquisition or disposal.

17. Pledge of assets

Some of our bank loans and other loans are secured by property, plant and equipment, intangible assets and electricity tariff collection rights. As at 31 December 2015, net carrying value of the pledged assets amounted to RMB6,077.52 million.

18. Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Management Discussion and Analysis (Continued)

IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk

Since 2005, the Chinese government has increasingly strengthened the policy support to the renewable energy industry and implemented a series of preferential measures to bolster the development of domestic wind power projects, including compulsory grid connections, on-grid tariff subsidies and preferential tax policies. Although the Chinese government has repeatedly reiterated that it would continue to intensify its support for the development of the wind power industry, it is possible that the current preferential measures and favourable policies will be altered or repealed without any prior notice. In addition, the Chinese government has recently been continuously deepening the reform of electric power system, and the competition mechanism among power-generation enterprises, including renewable energy, is taking shape at a fast pace. On 24 December 2015, the National Development and Reform Commission issued the Notice on Improving the Benchmark Feed-in Tariff Policy for Grid Connection of Onshore Wind Power and PV Power 《關於完善陸上風電、光伏發電上網標桿電價政策的通知》, the electricity price of future new energy projects will be gradually reduced and hence has an indefinite influence on the income of the Company.

2. Grid curtailment risk

As some of the Group's wind farm construction progress did not match with progress of grid construction, it is difficult to transmit all the potential electricity that could be generated when wind farms run at full load, thus hindering the power transmission upon completion of relevant projects of the Group. In addition, the increasingly intensified contradiction between the slow increase in social power consumption and the rapid increase in generation capacity might result in the failure of full consumption of energy output from the Group's power generating projects operating at full load.



3. Technological risk

The energy industry develops rapidly amid fierce competition. Technology advancement may result in the reduction of various types of energy development costs, and render the existing wind power projects and technologies uncompetitive or obsolete. Failure to timely adopt newly-developed technologies may create an adverse impact on our business, financial position and operating results.

4. Competition risk

Currently, there are more investment entities participating in the domestic wind power development projects, all of which are actively capturing the resources, leading to more fierce competition. As a result, the Group will continue to adjust its portfolio scientifically, consolidate existing resource reserves, explore new area of resources and further expand resource reserves. Meanwhile, the Company will enhance efforts in technology and management innovation and will continuously improve its core competitiveness by making use of its existing strengths.

5. Development risk of clean development mechanism (CDM) projects

In 2015, the trading prices of the CDM emission reductions remained in a prolonged doldrums and would not rise in the short term. The difficulty of performance negotiations and the risk of lack of emission reduction funds increase. Up to now, there is still part of the CDM arrears not yet been recovered. In 2016, the Company will take various actions to enhance the recovery of arrears.

According to the Notice on Making Key Preparations for Starting the National Carbon Emissions Trading Market issued by the National Development and Reform Commission 《關於切實做好全國碳排放權交易市場啟動重點工作的通知》，the national carbon emissions trading is expected to commence in 2017. However, since the national carbon market was still under construction at present, the allocation plan of carbon quota, trade activity and price expectation involve some uncertainty. As such, the Group will closely keep track of and analyse the carbon market, and set out practicable working frames and implementation plans to promote the full project development in an orderly manner and to ensure the Group's income from carbon assets unharmed.

Management Discussion and Analysis (Continued)

6. Risks related to geographical concentration of wind power projects

The Group's wind power projects are principally located in "Three Northern" regions. Although these regions offer abundant wind resources for developing wind power projects, the electricity output of the Group's wind power projects in these regions are currently adversely affected by the restrictions in electricity consumption and transmission in these regions. Any change that creates adverse effect to the local wind conditions, local grid transmission capacity, on-grid tariffs and changes in government policy in "Three Northern" regions could reduce the electricity we generate and have an adverse impact on our power generation business. To cope with this, the Group will timely adjust its project portfolio in response to the changes in its business strategy, government policy and other factors.

7. Climate risk

The commercial viability and profitability of the Group's wind farms are highly dependent on suitable wind resources and weather conditions. The electricity and revenue generated from a wind power project are highly dependent on local climatic conditions, particularly the conditions of wind resources which vary substantially in different seasons and geographical regions and are difficult to predict. Turbines will only start to operate when the wind speed reaches a certain threshold; and must stop running when the wind speed exceeds velocity limit of turbines to avoid damage to the equipment. The Group's investment decisions for each wind power project are based on the findings of feasibility studies conducted on site before starting construction. However, the actual climatic conditions, particularly the wind resource conditions at the project site, may not conform to the findings of these feasibility studies. Therefore, the wind power projects may not meet anticipated production levels, and adversely affect our forecasted profitability.

Management Discussion and Analysis *(Continued)*



8. Project construction risk

Amid the Group's expansion of areas of wind power projects in the southern coastal regions, where the number of regions difficult for wind farm construction and the cost of land and labor for farm construction further increase, a circumstance under which the Group may encounter such risks as relatively long construction period of wind power projects, and relatively high total construction costs, etc.

9. Risks related to safety management

The Group has transformed its business from solely focusing on wind power generation to primarily focusing on wind power with a diversified portfolio including solar power, biomass, CBM, and EPC. With the increase of source of danger and dangerous points, our Group will put more efforts in scientific research and promote the establishment and improvement of our production safety management system through thorough integrating studies and practical experience.

10. Interest risk

Interest risk may result from fluctuations in bank loan rates. Such interest rate changes will have impact on our capital expenditure and finance expenses and will eventually affect our operating results. As the Group highly relies on external financing in order to obtain investment capital to expand wind power business, we are particularly sensitive to the capital cost in securing such loans.

Management Discussion and Analysis (Continued)

11. Exchange rate risk

Fluctuations of RMB exchange rates could adversely affect the Group's financial position and operating results. Although the Group conducts substantially all of its business operations in the PRC and its major revenue is denominated in RMB, the Group also obtains revenue from the sales of CERs which is denominated in foreign currencies or obtains overseas financing. Meanwhile, we convert RMB into foreign currencies to purchase equipment and services from abroad, make overseas investments and foreign acquisitions, or pay dividends to our shareholders. We are therefore subject to risks associated with foreign currency exchange rate fluctuations. Fluctuations in the value of RMB against foreign currencies may reduce our RMB revenue from the sales of CERs, increase our RMB costs for foreign acquisitions and foreign currency borrowings, or affect the prices of our imported equipment and materials. Accordingly, the Group will pay active attention to the research of market exchange rates variation, and adopt various means to enhance our control over exchange rate risk.

12. Risks related to high gearing ratio

The Group operates in a capital-intensive industry, and a significant increase in capital costs could have a material adverse effect on the Group's business, financial condition or operating results. The Group has significant construction and capital expenditure requirements, and the recovery of the capital investment in a wind farm or other renewable energy facility takes a long period of time. Meanwhile, the capital investment required to develop and construct a wind power project generally varies based on the cost of the necessary fixed assets. A significant increase in the costs of developing and constructing the Group's wind power projects could have a material adverse effect on the Group's ability to achieve the Group's targets and on the Group's business, financial condition and operating results. To cope with this, the Group will monitor the market dynamics timely and make adjustment to the Group's strategy accordingly. Meanwhile, the Group will explore on various financing channels to adjust the finance structure.



V. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT

1. Opportunities faced by the Group

The Fifth Plenary Session of the 18th Central Committee of the Communist Party of China first put forward a new concept of green development, and that to accelerate the development of non-fossil fuels will be the keynote of the energy development in the Thirteenth Five-year Plan. According to the wind power project of the Thirteenth Five-year Plan, China's installed wind power capacity is expected to reach 250 GW to 280 GW by 2020, and the installed solar power capacity is expected to reach 160 GW.

In 2016, a new round of electric power system reform has entered the stage of all-sided implementation to ensure that the purchasing of electricity generated from renewable energy in full amount is regarded as a core task, and relevant supporting documents come out successively. The implementation of favourable policies such as the Administrative Measures for Purchasing of Electricity Generated from Renewable Energy in Full Amount (《可再生能源發電全額保障性收購管理辦法》) and the Measures for Quota Assessment on the Electricity Generated from Renewable Energy (《可再生能源電力配額考核辦法》) are expected to be carried out in accelerated mode. The bottleneck of electricity limitation which hampered the new energy development is likely to be overcome.

In 2016, the State Grid Corporation of China will speed up the UHV project construction. Two extra-high voltage AC lines and one extra-high voltage DC line, that is, Huainan-Nanjing-Shanghai line, Xilingol-Shandong line and Ningdong-Zhejiang line, will be completed and put into operation in 2016, which will positively drive the development of wind power industry.

China will launch a national carbon emission trading system in 2017. The construction of national carbon market will speed up fully. The income from carbon reduction will become a new revenue growth opportunity for the new energy project.

Management Discussion and Analysis (Continued)

In 2016, China will continue its proactive fiscal policy and prudent monetary policy, implement structural tax reduction, promote the pilot reform of “replacing the business tax with a value-added tax”, and be expected to cut the deposit reserve ratio and lower the benchmark interest rate. The prices of bulk commodities such as steel are estimated to remain on a relatively low level. Meanwhile, the Ministry of Finance of China raised the collection standard for development funds of renewable sources from 1.5 fens up to 1.9 fens per kWh, increasing the financial support for renewable source enterprises and providing a favourable business environment for the rapid development of the Company.

In 2016, with China’s innovation-driven development strategy, the integration and application of Internet Plus and smart energies are expedited, breakthroughs are expected in distributed generation, energy storage and smart grid technology, the smart level of wind farm is improved continuously, the transformation efficiency of wind power is increased continuously, and the power generation cost is further lowered, which provides us with technological support to accelerate the structural adjustment and enhance the efficiency of wind farm.

MAIN TASKS IN 2016

In 2016, we will take the profitability enhancement as the center of all our work. In connection with this, we will firmly follow the two mainstreams of structural adjustment and management improvement, reinforce safe production management, solution to electric quantity issues and technological innovation, regard deepening enterprise reform as impetus, take the strict corporate governance by laws as safeguard and improve the profitability and sustainability comprehensively. In 2016, special attention will be paid to the following main tasks:

(I) Paying high attention to safety management, improving equipment performance and guaranteeing benefits of power generation

First, more effort will be put in marketing enhancement and the on-grid space will be vigorously expanded; second, the equipment management will be deepened and the comprehensive equipment performance will be improved; third, the management of production materials will be strengthened and the field guarantee capability will be enhanced; fourth, the risk control assessment will be deepened to continuously reduce the safety risks.

Management Discussion and Analysis *(Continued)*



(II) Accelerating construction, providing excellent projects and guaranteeing production benefits

First, the construction progress will be accelerated to guarantee continuous growth of production scale; second, attention will be paid to the production benefits and excellent projects will be provided; third, the construction standards will be upgraded to guarantee the key projects completed on schedule.

(III) Establishing awareness of development, accelerating structural adjustment and improving development quality

First, the optimization of onshore wind power layout will be accelerated; second, the diversified development will be further promoted; third, the development of offshore and overseas projects will be quickened.

(IV) Enhancing operation management, guaranteeing reduction in costs and increase in benefits, and upgrading profitability

First, the operation management will be enhanced and the operation management and control will be upgraded; second, the fund management will be strengthened to reduce fund costs; third, the recovery of electricity expense will be expedited and the tax planning will be improved to guarantee reduction in costs and increase in benefits.

(V) Relying on technological progress, intensifying technological innovation and upgrading professional skills

First, the scientific & technological researches will be deepened and the technical supports will be upgraded; second, the professional service management will be deepened to improve the capacity of industrial development; third, more investment will be made in science and technology to guarantee the promotion and application of patents.

Major Events in 2015

In January 2015, the Group held the second conference of the first session of the Employee Representative Meeting and the 2015 Work Conference that analyzed the current situation and specified the working thoughts, objectives and key jobs for 2015.

In February 2015, the company of the Group in Shandong Province, Dongying Wind Farm was awarded a medal of “the First-level Enterprise of Safe Power Production Standard” and the certification by the National Energy Administration, which turned the company into the only wind power enterprise with the capacity of 49.5 MW who owned this honor in the PRC.

In March 2015, pursuant to the Decision on Commendation of the 4th Batch of National Excellent Cities (Districts), Villages, Townships and Institutions in Civilization Construction (《關於表彰第四屆全國文明城市(區)、文明村鎮、文明單位的決定》) issued by the Central Commission for Guiding Cultural and Ethical Progress, the Company was awarded the title of “National Civilization Pioneer”, the highest award for cultural and ethical civilization of the state and another special honor awarded to the Group since 2012 when the Group was appraised as “Beijing Civilization Pioneer”.

In March 2015, the Group held the 2015 First Extraordinary General Meeting in Beijing. Mr. An Hongguang was elected as non-executive director and Mr. Yu Shunkun was elected as independent non-executive director.

In June 2015, the National Development and Reform Commission released on the China Certified Emission Reduction Exchange Info-Platform the item record (issued) notice on emission reduction for the phase II of Datang’s Daxishan wind farm in Duolun. The first successful item record marked the Group had made major progress in developing the domestic carbon market.

In June 2015, the 49.7 MW wind and solar power generation pilot project in Qinghuiling developed by the Beijing Changyu Company of the Group was approved by the Development and Reform Commission of Beijing, which was the first wind and solar power generation pilot project of Beijing.

In June 2015, the Group successfully registered and issued its first short-term bonds which worth RMB2 billion.

In June 2015, the 2014 Annual General Meeting of the Company was held in Beijing.

In August 2015, the seventeenth meeting of the second session of the Board of Directors and the seventh meeting of the second session of the Supervisory Committee were held in Beijing.



Major Events in 2015 *(Continued)*

In September 2015, the Group successfully registered and issued its second short-term bonds which was RMB2 billion.

In September 2015, the ninth annual general meeting and first meeting of the third session of council by the National Wind Power Generation Technology Collaboration was held in Weifang, Shandong Province. The meeting released the 2014 annual index analysis report of national wind power operation, and commended the 2014 annual index analysis of national wind power operation and competition winning wind farm. The Group had 11 wind farms selected and they won the first, second and third prizes.

In December 2015, the 2015 Second Extraordinary General Meeting of the Group was held in Beijing.

Report of Directors

I. PRINCIPAL OPERATIONS

The Group is principally engaged in the development, investment, construction and management of wind power and other renewable energy sources; research and development, application and promotion of low carbon technology; develop, sale, testing and maintenance of renewable energy-related equipment; power generation; engineering, construction and installation, repair and maintenance of domestic and overseas power projects; import and export of renewable energy equipment and technologies; foreign investment; renewable energy-related consulting services; as well as leasing of property.

Details of the Company's subsidiaries and associated companies are set out in Notes 31 and 15 to the consolidated financial statements respectively.

II. RESULTS AND BUSINESS REVIEW

The audited results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 109 of this annual report. The financial position of the Group and of the Company as at 31 December 2015 is set out in the statement of financial position on pages 111 to 113 and in Note 37 to the consolidated financial statements of this annual report. The cash flows of the Group for the year ended 31 December 2015 are set out in the consolidated statement of cash flows on pages 116 to 118 of this annual report.

A discussion and analysis of the Group's business review, performance during the year, the discussion and analysis of the key factors of its results and financial performance, the risk factors and risk management and the prospect for future development are set out in the Management Discussion and Analysis on pages 14 to 35 of this annual report. The description of relationship between the Group and employees is set out in Human Resources on pages 105 to 106 of this annual report. The indemnity provisions of the Company are set out in the directors' liability insurance under the Corporate Governance Report on page 78 of this annual report. The aforementioned sections form part of the Report of Directors.

Report of Directors (Continued)



III. SOCIAL RESPONSIBILITIES

In 2015, the Group has complied with the Electricity Law of the People's Republic of China (《中華人民共和國電力法》), the Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》), and the Several Opinions on Further Deepening the Reform of the Electric Power System (《關於進一步深化電力體制改革的若干意見》) newly issued by the Central Committee of the Communist Part of China and State Council of China and the Notice for the Development of Wind Power Heating (《關於開展風電清潔供暖工作的通知》) issued by the Comprehensive Department of the National Energy Administration and the Notice on Improving the Benchmark Feed-in Tariff Policy for Grid Connection of Onshore Wind Power and PV Power (《關於完善陸上風電、光伏發電上網標桿電價政策的通知》) by the National Development and Reform Commission in 2015. The Group has strictly complied with the relevant laws and regulations.

In 2015, the Group recorded annual electricity generation of 10,761 GWh, leading to an annual saving of 3.59 million tons of standard coal and reduction in carbon dioxide emissions of 9.40 million tons, which demonstrated that we have well performed our corporate mission and social responsibilities of energy conservation and emission reduction. During the course of production of green energy, the Group has made an effort to build a cleaning development mechanism, to promote the ecology environment protection. The Company organized and participated in various programmes and activities for biological protection, and won the respect from the local government and people in the place of business operation. Datang (Chifeng) Renewable Power Co., Ltd., a member of the Group launched a tree planting activity by the main roads and their branches at Saihanba Wind Farm on 12 March 2015. While cultivating employees' team spirit and sense of collective honour, the activity also stimulated their care for trees and enthusiasm for planting. Moreover, tree planting will help spread love and hope and add more radiance to the wind farm. For more details, please refer to the sections headed Management Discussion and Analysis and Human Resources.

Report of Directors (Continued)

IV. PROPERTY, PLANT AND EQUIPMENT

Details of the changes in property, plant and equipment of the Group and of the Company as at 31 December 2015 are set out in Note 12 to the consolidated financial statements.

V. SHARE CAPITAL

As at 31 December 2015, the total share capital of the Company was RMB7,273,701,000, divided into 7,273,701,000 shares with nominal value of RMB1.00 each. Details of the changes in share capital of the Company during the year ended 31 December 2015 are set out in Note 25 to the consolidated financial statements.

VI. PRE-EMPTIVE RIGHTS

As at 31 December 2015, there were no provisions for pre-emptive rights under the Company's Articles of Association or the relevant PRC laws, which require the Company to offer new shares to existing shareholders in proportion to their shareholdings.

VII. RESERVES

Changes in reserves of the Group and of the Company during the year are set out in page 115 and Note 27 to the consolidated financial statements.

VIII. DISTRIBUTABLE RESERVES

Pursuant to the Articles of Association, where there are differences between Accounting Standards for Business Enterprises of the PRC ("CAS") and International Financial Reporting Standards ("IFRSs"), the distributable reserves shall be the lesser of the amounts shown in the two different financial statements. As at 31 December 2015, the distributable reserves of the Company were approximately RMB-68.6 million (31 December 2014: RMB208.9 million) according to the Company's financial statements prepared in accordance with CAS.

Report of Directors (Continued)



IX. DIVIDENDS

The Board of the Company does not recommend distribution of any final dividend to shareholders for the year ended 31 December 2015.

X. TAX

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H Shares registered under the name of non-individual enterprise, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H Share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (《關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知》) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

Report of Directors (Continued)

However, the tax rates for respective overseas resident individual Shareholders may vary depending on the relevant tax agreements between the countries of their residence and mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual Shareholders of H Shares whose names appear on the H Share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

The Company will withhold payment of the enterprise and individual income tax strictly in accordance with the relevant laws or requirements of the relevant government departments and based on the Company's register of members of H Shares on the record date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders or any disputes over the mechanism of withholding of enterprise income tax. The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the shareholders or any disputes over the mechanism of withholding.

Taxation under accounting policies of the Group during the year is set out in Note 2.22 to the consolidated financial statements.

XI. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As at 31 December 2015, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

XII. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the amount of purchase from the five largest suppliers of the Company (as defined in the Listing Rules) in aggregate accounted for not more than 30% of that of the Company's total purchase for the year.

For the year ended 31 December 2015, the sales to the five largest customers of the Company (as defined in the Listing Rules) in aggregate accounted for not more than 58.55% of the Company's total sales for the year, in which, the sales to the largest customer in aggregate accounted for not more than 26.93% of the total sales of the Company for the year. All of the five largest customers of the Company are subsidiaries of the State Grid Corporation of China.

Report of Directors (Continued)



To the best of the Directors' knowledge, none of the Directors, their associates or shareholders of the Company (to the best of the Directors' knowledge, who holds more than 5% of the Company's issued capital) have any interest in the five largest suppliers or customers of the Company during the year.

The Group maintained stable development relationship with each of the suppliers and customers by keep communication with them via regular or irregular visits, telephone, email or other correspondence methods. The operation of the Group has not relied on any individual suppliers. All customers of the Group were the provincial grid companies where the companies under the Group operated in, and those grid companies were owned or controlled, directly or indirectly, by the governments of the PRC, and would not make significant affect to the Group.

XIII. BANK LOANS AND OTHER BORROWINGS

The details of bank loans and other borrowings of the Group as at 31 December 2015 are set out in Note 24 to the consolidated financial statements.

Issuance of Ultra-short-term Debentures

On 16 June 2015, the Company announced completion of issuance of ultra-short-term debentures with a principal amount of RMB2 billion and the interest rate is 3.25%, and with a maturity period of 90 days. The proceeds from the issue of ultra-short-term debentures is RMB1,998.5 million, which will be mainly used to repay the loans and improve the financing structure of the Company.

On 15 September 2015, the Company announced completion of issuance of ultra-short-term debentures with a principal amount of RMB2 billion and the interest rate is 3.1%, and with a maturity period of 180 days. The proceeds from the issue of ultra-short-term debentures is RMB1,997.0 million, which will be mainly used to repay the loans and improve the financing structure of the Company.

On 15 March 2016, the Company announced completion of issuance of ultra-short-term debentures with a principal amount of RMB2 billion and the interest rate is 2.62%, and with a maturity period of 178 days. The proceeds from the issue of ultra-short-term debentures is RMB1,997.0 million, which will be mainly used to repay the loans and improve the financing structure of the Company.

Report of Directors (Continued)

XIV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors, supervisors and senior management of the Company during the year and as at the date of this report.

Name	Position in the Company	Date of appointment
Directors		
Wang Yeping	Chairman of the Board and Non-executive Director	20 August 2013
Zhang Chunlei	Vice Chairman of the Board, Executive Director and President	6 January 2015 ^{Note 1}
Kou Bing'en	Non-executive Director	20 August 2013
An Hongguang	Non-executive Director	27 March 2015 ^{Note 2}
Guo Shuping	Non-executive Director	10 October 2014
Hu Guodong	Executive Director	27 December 2012
Liu Chaoan	Independent Non-executive Director	1 July 2010
Lo Mun Lam, Raymond	Independent Non-executive Director	20 August 2013
Yu Shunkun	Independent Non-executive Director	27 March 2015 ^{Note 3}
Hu Yongsheng	Former Vice Chairman of the Board, Executive Director and President	Resigned on 27 March 2015 ^{Note 4}
Supervisors		
He Hua	Supervisor	6 June 2014
Chen Weiqing	Employee Representative Supervisor	17 December 2015
Tong Guofu	Supervisor	10 October 2014
Mi Keyan	Former Employee Representative Supervisor	Resigned on 17 December 2015
Senior management		
Mi Keyan	Vice President	17 December 2015
Jiao Jianqing	Vice President	20 February 2014
Meng Lingbin	Vice President	1 July 2010
Chen Song	Chief Accountant	20 February 2014
Zhao Zonglin	Chief Engineer	25 December 2013
Chen Yong	Board Secretary and Joint Company Secretary	10 June 2014

Report of Directors (Continued)



Notes:

1. Mr. Zhang Chunlei was appointed as a non-executive Director on 6 June 2014, as an executive Director and the President of the Company on 6 January 2015 and as the Vice Chairman of the Board on 4 March 2015.
2. Mr. An Hongguang was appointed as a non-executive Director on 27 March 2015.
3. Mr. Yu Shunkun was appointed as an independent non-executive Director on 27 March 2015.
4. Mr. Hu Yongsheng retired as the President of the Company on 6 January 2015; resigned as a Vice Chairman of the Board on 4 March 2015; resigned as an executive Director on 27 March 2015.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers that each of the independent non-executive Directors is independent of the Company.

XV. CHANGE OF DIRECTORS AND SUPERVISORS

As at the date of this report, according to the requirement of Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out as follows:

- Mr. Zhang Chunlei was appointed as a non-executive Director on 6 June 2014, redesignated to be an executive Director and the President of the Company on 6 January 2015 and was appointed as the Vice Chairman of the Board on 4 March 2015.
- Mr. Hu Yongsheng resigned as the President of the Company on 6 January 2015, resigned as the vice Chairman of the Board on 4 March 2015 and resigned as the executive Director on 27 March 2015.
- Mr. An Hongguang was appointed as a non-executive Director with effect from 27 March 2015.
- Mr. Yu Shunkun was appointed as an independent non-executive Director with effect from 27 March 2015.

As at the date of this report, according to the requirement of Rule 13.51B(1) of the Listing Rules, the changes in information of supervisors of the Company are set out as follows:

- Mr. Chen Weiqing served as the Employee Representative Supervisor with effect from 17 December 2015.
- Ms. Mi Keyan resigned as an Employee Representative Supervisor with effect from 17 December 2015.

Report of Directors *(Continued)*

XVI. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on pages 96 to 104 of this annual report.

XVII. SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the Directors. The principal particulars of such service contracts including: (1) for a term of three years commencing from the date of appointment; and (2) are subject to termination in accordance with their respective terms.

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

Save as disclosed above, none of the Directors or supervisors has entered into a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

XVIII. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Company's Directors, supervisors and senior management are set out in Note 11 to the consolidated financial statements.

XIX. INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

As at 31 December 2015, no contract of significance to which the Company was involved in its establishment either directly or indirectly, in which a Director or supervisor had material interests, and with which the Company's business is connected, subsisted during the year or at the end of the year.

XX. SIGNIFICANT SUBSEQUENT EVENT

There was no any significant subsequent event occurred from 1 January 2016 to the date of this annual report.

Report of Directors (Continued)



XXI. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at 31 December 2015, save as disclosed below, none of the Directors or their associates had any competing interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Company:

<u>Name of Director</u>	<u>Position in the Company</u>	<u>Other Interests</u>
Mr. Wang Yeping	Chairman of the Board and Non-executive Director	Vice Chairman and General Manager of Datang Corporation
Mr. Kou Bing'en	Non-executive Director	Director of Capital Operation and Property Management Department of Datang Corporation/Director of Guangxi Guiguan Electric Power and Datang Huayin Electric Power
Mr. An Hongguang	Non-executive Director	Director of Operation Safety Department of Datang Corporation
Mr. Guo Shuping	Non-executive Director	General Manager of Datang Jilin

XXII. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, none of the Directors, supervisors or senior management of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be 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 required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") stated in Appendix 10 of the Listing Rules.

Report of Directors (Continued)

XXIII. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2015, to the best of the Directors' knowledge, having made all reasonable enquiry, the following persons (other than the Directors, senior management or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of Shares	Capacity	Number of Shares/ underlying Shares held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the total Share Capital (%)
Datang Corporation (Note 1)	Domestic Shares	Beneficial owner and interests in controlled corporation	4,772,629,900 (Long position)	100%	65.61%
Datang Jilin (Note 1)	Domestic Shares	Beneficial owner	599,374,505 (Long position)	12.56%	8.24%
National Council for Social Security Fund	H Shares	Beneficial owner	214,261,000 (Long position)	8.57%	2.95%

Note 1: Datang Corporation directly held 4,173,255,395 domestic shares and is deemed to be interested in 599,374,505 domestic shares held by Datang Jilin, by virtue of the fact that Datang Jilin is a wholly-owned subsidiary of Datang Corporation, therefore, Datang Corporation, directly and indirectly, held 4,772,629,900 domestic shares of the Company in total.

XXIV. MANAGEMENT CONTRACTS

As at and during the year ended 31 December 2015, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor any such contract subsisted.

Report of Directors (*Continued*)



XXV. CONNECTED TRANSACTIONS

Major connected transactions of the Group during 2015 are as follows:

(I) Non-exempt one-off connected transaction

The Group has entered into one non-exempt one-off connected transaction during the year.

Entered into Entrusted Loan Agreement

On 16 January 2015, the Company, Datang Finance and Datang Financial Leasing entered into the Entrusted Loan Agreement, pursuant to which the Company (the "Trustor") provides a loan of RMB200 million through Datang Finance (the "Trustee") to Datang Financial Leasing (the "Borrower") for 12 months, subject to an interest rate of 6%. The loan will be used for the businesses of DFL including financial leasing, purchase of leased property from domestic and overseas sellers, treatment of residual value of and maintenance of leased property. The terms of the Entrusted Loan Agreement were negotiated on an arm's length basis among the parties. As the interest rate of the Entrusted Loan is higher than that offered by the PBOC to the Company in depositing the same amount in the PBOC (the benchmark interest rate for the same term as announced by PBOC is 5.6%), the Entrusted Loan Agreement will allow the Company to better utilize the surplus cash, and the interest received therefrom will bring about a satisfactory economic return for the Company. Furthermore, the Entrusted Loan Agreement will help expand the financing channels of the Company, revive assets, and ensure the Company's fixed annualised rate of return.

As Datang Corporation directly and indirectly holds approximately 65.61% of the Company's issued share capital, it is a controlling shareholder defined under the Listing Rules and thus a connected person of the Company. As Datang Finance and Datang Financial Leasing are direct and indirect subsidiaries of Datang Corporation respectively, they are also connected persons of the Company.

Report of Directors (Continued)

(II) Non-exempt Continuing Connected transactions

The Group has entered into certain non-exempt continuing connected transactions during the year.

In terms of the non-exempt continuing connected transactions of category 1 as stated below, the 2015 annual cap was approved at the 2012 fifteenth meeting of the first session of the Board of the Company held on 29 August 2012. In terms of the non-exempt continuing connected transactions of category 2 as stated below, the 2015 annual cap was approved at the 2012 first extraordinary general meeting held on 27 December 2012. In terms of the non-exempt continuing connected transactions of category 3 as stated below, their respective annual caps for 2015-2018 were approved at the 2012 first extraordinary general meeting held on 27 December 2012. In terms of the non-exempt continuing connected transactions of category 4 as stated below, their respective annual caps for 2015-2017 were approved at the 2014 annual general meeting held on 30 June 2015. In terms of the non-exempt continuing connected transactions of category 5 as stated below, their respective annual caps for 2015-2017 were approved at the 2014 annual general meeting held on 30 June 2015. In terms of the non-exempt continuing connected transactions of category 6 as stated below, their respective annual caps for 2015-2017 were approved at the 2015 first extraordinary general meeting held on 27 March 2015.

The table below set out the annual caps and the actual transaction amount of such connected transactions for 2015:

Connected Transactions	Connected Person	Annual Cap for 2015	Actual Transaction Amount for 2015
1. Provision of products and services by the Group	Datang Corporation	RMB70 million	RMB17 million
2. Provision of products and services to the Group	Datang Corporation	RMB3,600 million	RMB2,161 million

Report of Directors (Continued)



Connected Transactions	Connected Person	Annual Cap for 2015	Actual Transaction Amount for 2015
3. Provision of financial assistance to the Group	KEPCO International Hong Kong Ltd. (KEPCO Hong Kong)	The balance of the principal of the loan: USD20.30 million Interest payable: USD1.60 million	The balance of the principal of the loan: USD20.29 million; Interest paid: USD1.40 million;
4. Provision of financial services to the Group – Cash depository service	Datang Finance	Highest daily balance of cash deposit held during 2015: RMB1 billion	Daily balance of cash deposit held during 2015: Less than RMB1 billion
5. Provision of financial services to the Group – Financial leasing service	Datang Financial Leasing	Annual cap of financial leasing amount of the Group from Datang Financial Leasing – RMB2.5 billion;	The actual amount of the Group from Datang Financial Leasing was RMB72 million;
		Annual cap of financial leasing amount of Datang Financial Leasing from the Company – RMB150 million	The actual amount of Datang Financial Leasing from the Company was RMB96 million
6. Provision of operation and management services to the Company	Datang Jilin	RMB5 million	RMB0

Report of Directors (Continued)

1. Provision of products and services by the Group

- 1.1 The Group entered into the master agreement on mutual supply of raw materials, products and services with Datang Corporation on 6 November 2012 (the "Datang Master Agreement"). The agreement is for a term of three years commencing on 1 January 2013. Pursuant to the agreement, the Group provides, among others, spare parts, accessories, equipment, technical consulting services, maintenance services, construction services, operation management services, bidding agency services and CDM-related services to Datang Corporation.

Principal terms of the agreement are set out as follows:

- the goods to be mutually supplied by each party include: spare parts, accessories, equipment, water, power, gas, heat, raw materials, fuels and minerals, etc.;
- the services to be mutually supplied by each party include: design consulting services, maintenance services, technical consulting services, construction services, operation management services, CDM consulting services, bidding agency services, logistics services, communication services, property services and other related or similar services;
- if the terms and conditions of similar products and services offered by an independent third party are no better than those offered by one party, the other party shall give priority in sourcing the requisite products and services from the other party of the agreement;
- relevant subsidiaries or associated companies of both parties will enter into individual contracts which shall set out the specific scope of services and/or products, terms and conditions of providing such services and/or products according to the principles laid down by the New Datang Master Agreement;

Report of Directors *(Continued)*



- the products to be provided under the agreement will be determined on the following pricing policy: the price prescribed by the PRC government, if applicable; where there is no government prescribed price but there is a government-guidance price, then the government-guidance price; where there is neither a government-prescribed price nor a government-guidance price, the market price; where none of the above is applicable or where it is not practical to apply the above pricing policies in actual transactions, the price agreed between the relevant parties, which shall be the reasonable costs incurred in providing the products plus reasonable profits;
- the prices of the services to be provided under the agreement will be determined on the following pricing policy: the bidding price where the bidding process is required for selecting the service provider; where the bidding process is not required to determine the service price, the market price; and
- the agreement is for a term of three years commencing on 1 January 2013 and ending on 31 December 2015. Either party may terminate the agreement upon giving the other party an at least three-month prior written notice.

As Datang Corporation directly and indirectly holds approximately 65.61% of the issued share capital of the Company, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company.

During the reporting period, the annual cap of this continuing connected transaction for 2015 was RMB70 million and the actual transaction amount was RMB17 million.

In view of the expiration of Datang Master Agreement and annual cap on 31 December 2015, the Company renewed the Datang Master Agreement with Datang Corporation on 12 October 2015 and proposed the annual cap for years ending 31 December 2016, 31 December 2017 and 31 December 2018, which was approved at the 2015 second extraordinary general meeting of the Company held on 18 December 2015.

Report of Directors (Continued)

2. *Provision of products and services to the Group*

- 2.1 The Group entered into the Datang Master Agreement on mutual supply of materials, products and services with Datang Corporation on 6 November 2012. The agreement is for a term of three years commencing on 1 January 2013. Pursuant to the agreement, Datang Corporation should provide spare parts, accessories, equipment, technical consulting services, maintenance services, construction services, operation management services, bidding agency services and CDM-related services to the Group.

Please refer to item 1.1 of relevant disclosure of non-exempt continuing connected transaction above for principal terms and conditions of the agreement.

During the reporting period, the annual cap of this continuing connected transaction for 2015 was RMB3,600 million and the actual transaction amount was RMB2,161 million.

In view of the expiration of Datang Master Agreement and annual cap on 31 December 2015, the Company renewed the Datang Master Agreement with Datang Corporation on 12 October 2015 and proposed the annual cap for years ending 31 December 2016, 31 December 2017 and 31 December 2018, which was approved at the 2015 second extraordinary general meeting of the Company held on 18 December 2015.

3. *Provision of financial assistance by KEPCO Hong Kong to the Group*

- 3.1 Datang (Chifeng) Renewable Power Co., Limited (大唐(赤峰)新能源有限公司) entered into a loan agreement (as amended by the supplemental agreement dated 6 November 2012) with KEPCO International Hong Kong Ltd. ("KEPCO Hong Kong") on 22 November 2010 ("KEPCO Loan Agreement"). KEPCO Hong Kong is a Hong Kong registered company focusing on project investment and a subsidiary of Korea Electric Power Corporation, the largest Korean power company listed on the Korea Exchange (Stock Code: 015760) and the New York Stock Exchange (Stock Code: KEP). Pursuant to the KEPCO Loan Agreement, KEPCO Hong Kong granted a loan facility to Datang (Chifeng) Renewable Power Co., Limited. The loan was for a term of three years and was expired on 21 November 2013.

Report of Directors *(Continued)*



3.2 Datang (Chifeng) Renewable Power Co., Limited entered into a supplementary loan agreement (“KEPCO Supplementary Loan Agreement”) with KEPCO Hong Kong on 6 November 2012, pursuant to which, KEPCO Hong Kong granted a loan facility to Datang (Chifeng) Renewable Power Co., Limited.

Principal terms of the agreement are set out as follows:

- KEPCO Hong Kong granted to Datang (Chifeng) Renewable Power Co., Limited a loan facility to finance the construction and development of wind farms. As at 6 November 2012, the outstanding principal of the loan facility is USD40.57 million;
- the KEPCO Loan Agreement may be terminated if the borrower constitutes material breach under the agreement, which includes: failure of the borrower to pay any amount payable on due date, any representation or warranty from the borrower found to be inaccurate in any material aspect, failure to perform on the date of such representation or warranty or breach of any other provisions under the agreement which is irremediable or otherwise has not been remedied within thirty days;
- the principal of the loan facility is repayable in 12 equal instalments every six months commencing in 2013 and ending in 2018;
- the term for the loan facility is from 6 November 2012 to 18 September 2018;
- the loan is repayable every six months and the interest rates charged by KEPCO Hong Kong are 10% below the benchmark interest rates set by PBOC on each interest determination date;
- Datang (Chifeng) Renewable Power Co., Limited can make full and partial early repayment of the loan without any penalty; and
- the loan was secured by pledges of insurance policies, wind turbines and the tariff collection right of Datang (Chifeng) Renewable Power Co., Limited.

Report of Directors (Continued)

KEPCO Hong Kong is an associate of Neimenggu KEPCO International Limited (a Hong Kong registered company focusing on project investment and a subsidiary of Korea Electric Power Corporation) which, in turn, is the substantial shareholder of our subsidiary Datang (Chifeng) Renewable Power Co., Limited by virtue of its shareholdings of 40% therein. Therefore, KEPCO Hong Kong will be deemed to be a connected person of the Company under Chapter 14A of the Listing Rules.

During the reporting period, the annual cap of closing balance of the principal of this continuing connected transaction for 2015 was USD20.30 million. The annual cap of accrued interests was USD1.60 million. The actual closing balance of the principal as at the end of the year was USD20.29 million and the actual interests paid for the year was USD1.40 million.

4. *Provision of financial services by Datang Finance to the Group*

The Financial Services Agreement entered into by and between the Company and Datang Finance on 20 January 2014 expired on 31 December 2014. A new Financial Services Agreement (“New Financial Services Agreement”) was signed on 27 March 2015, pursuant to which Datang Finance would provide financial services for the Group. The term for the agreement is from the date of agreement to 31 December 2017. According to this agreement, Datang Finance provides the Group with loan services, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, deposit services, finance lease, investment and financing consultation services, financial consultation and training services, and provide the Group with underwriting services, guarantee trust services and insurance agent services concerning the issuance of bonds.

Report of Directors *(Continued)*



Principal terms and conditions of the agreement are set out as follows:

- Datang Finance shall ensure the stable operation of fund management system to safeguard the fund, and to control the asset liability risk so as to satisfy the payments needs of the Group.
- In respect of the provision of the loan services under the New Financial Services Agreement, Datang Finance will grant integrated credit facilities of RMB4 billion to the Group for the years ending 31 December 2015, 2016 and 2017, respectively.
- In respect of the provision of the deposit services under the New Financial Services Agreement, the amount of the highest daily balance (including any interest accrued thereon) for the Group's deposits with Datang Finance shall be RMB1 billion for the years ending 31 December 2015, 2016 and 2017, respectively.
- The term of the New Financial Services Agreement shall commence from 27 March 2015 and end on 31 December 2017.

Datang Finance has undertaken to provide the aforementioned financial services to the Group based on the following pricing principles: (1) the benchmark deposit interest rates prescribed for same type of deposits of the same period and announced by the PBOC; and (2) deposit interest rates with same type of deposits of the same period provided by main independent commercial banks to the Group.

As Datang Corporation directly and indirectly holds approximately 65.61% of the issued share capital of the Company, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. Datang Finance is a subsidiary of Datang Corporation, and is therefore a connected person of the Company.

During the reporting period, the annual cap of the daily deposit balance of deposit service of this continuing connected transaction for 2015 was RMB1 billion and the actual maximum amount of daily deposit balance was less than RMB1 billion.

Report of Directors (Continued)

5. Provision of finance lease services by Datang Financial Leasing to the Group

The Company and Datang Financial Leasing entered into the Finance Lease Framework Agreement on 9 May 2013, pursuant to which Datang Financial Leasing provides financial leasing services to the Group. (On 27 March 2014, the Company and Datang Financial Leasing entered into a supplementary agreement, renewing the annual cap regarding the financial leasing services provided by Datang Financial Leasing to the Group in 2014.) In view of the fact that the Finance Lease Framework Agreement and the annual cap expired on 31 December 2014, the Company signed a new Finance Lease Framework Agreement (“New Finance Lease Framework Agreement”) with Datang Financial Leasing on 27 March 2015 and proposed the annual cap for years ended 31 December 2015, 31 December 2016 and 31 December 2017, which was approved at the 2015 annual general meeting of the Company held on 30 June 2015. With respect to each finance lease, the relevant lessor and lessee will enter into separate written contract(s) subject to the provisions of the agreement.

Principal terms and conditions of the agreement are set out as follows:

- the term for New Finance Lease Framework Agreement is from the date of agreement to 31 December 2017;
- the lease method includes sale and leaseback pursuant to which the lessor shall purchase from the lessee the leasing equipment which will be leased back to the lessee by the lessor; and finance lease arrangement involving leasing of leasing equipment newly acquired by the lessor as per the requirements of the lessee;
- the lease period for each finance lease will be determined by the following factors, including but not limited to, the useful life of the relevant leasing equipment, the financial needs of the lessee and the funding availability of the lessor, which in general should not exceed the useful life of such leasing equipment;

Report of Directors *(Continued)*



- the lease payments charged by the lessor will include the purchase price or the value of the leasing equipment and interest thereon charged on terms no less favourable to the lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time or, if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services;
- a one-off non-refundable handling fee may be charged on terms no less favourable to the lessee than those offered by independent third parties by the lessor and payable by the lessee when separate written contract(s) under the agreement is entered into and at a rate determined by reference to, among others, the rate charged by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of services from time to time, and will be set out in the relevant written contract(s);
- the legal title and all rights of the leasing equipment shall vest in the Lessor throughout the lease period; and
- subject to the lessee having performed all its obligations under, and upon the expiry of the lease period of the separate written contract(s) under the agreement, the lessee shall have an option to purchase the relevant leasing equipment at a nominal price.

Datang Corporation is the controlling shareholder of the Company, which together with its subsidiaries held approximately 65.61% of the issued share capital of the Company. Datang Finance Lease is a subsidiary of Datang Corporation. Accordingly, Datang Finance Lease is a connected person of the Company.

Report of Directors (Continued)

In determining the annual caps, the Company has considered, among other things: (1) historical amount for the year ended 31 December 2014; (2) current conditions in financing market (including interest level and the level of similar services provided by independent third parties) and the possibility of future adjustment on the three-year term annual loan interests denominated in RMB by PBOC; (3) historical cash flow, constantly increasing financing needs and future development prospects of the Group for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014; (4) the useful life of leasing assets; (5) further improvement of the business relationship between the Group and Datang Finance Lease as well as the constantly increasing financing needs of the Group; and (6) the natures and amounts of the assets of finance lease of the Group.

Within the reporting period, in regards to the continuing connected transaction, the annual cap of financial leasing amount of the Group from Datang Financial Leasing was RMB2.5 billion in 2015, and the annual cap of financial leasing amount of Datang Financial Leasing from the Company was RMB150 million in 2015. However, the actual transaction amount regarding the financial leasing of the Group from Datang Financial Leasing was RMB72 million and that of Datang Financial Leasing from the Company was RMB96 million.

6. *Provision of operation and management services by Datang Jilin to the Company*

The Company and Datang Jilin entered into the Operation and Management Service Agreement (“Operation and Management Service Agreement”) on 4 December 2014 and proposed the annual cap for the years ending 31 December 2015, 31 December 2016 and 31 December 2017, which was approved at the 2015 first extraordinary general meeting of the Company held on 27 March 2015. According to the agreement, Datang Jilin provides the operation and management services regarding: (1) operation and assessment management services for early-stage matters, investment and stock assets of the project companies; (2) management services for human resources, financial management and assets management of the project companies; (3) management services for material affairs of the project companies; (4) services for safety production of the project companies; and (5) other operation and management services (if applicable) as authorized by the board of the project companies.

Report of Directors *(Continued)*



Principal terms of the agreement are set out as follows:

- the term of the Operation and Management Service Agreement shall commence from the date on which the approval is obtained from independent shareholders and up to 31 December 2017;
- in terms of the service fee (1) where, for each year during 2015-2017, all annual total net profits of the project companies (excluding the factor of an increase in profits caused by a decrease in finance costs of the project companies) exceed all the average total net profits of the project companies for the preceding three years (i.e. 2012-2014), Datang Jilin shall be entitled to 10% of the above-said excess part as the service fee for the provision of operation and management services for such year but such service fee shall not exceed RMB5 million; or (2) where, for each year during 2015-2017, all annual total net profits of the project companies (excluding the factor of an increase in profits caused by a decrease in finance costs of the project companies) do not reach the average net profits of the project companies for the three years preceding (i.e. 2012-2014), Datang Jilin shall be entitled to a service fee for the provision of operation and management services of RMB500,000 for such year provided that Datang Jilin has made its best efforts to perform the obligations under the agreement and fulfill all terms thereunder;

Report of Directors (Continued)

- the Company's rights and obligations are given as follows: (1) To be provided with relevant services under the agreement. (2) To be entitled to dispose of its equity interests and assets in the project companies. (3) To be entitled to supervise the operation and management of Datang Jilin through the board of the project companies. If Datang Jilin conducts any activity that may affect the image or operation of the Company, or may infringe the legal rights and interests of the Company, the Company shall have the right to prohibit such activity and terminate the provision of operation and management services to Datang Jilin. (4) To perform each of the obligations under the agreement in accordance with the agreement. (5) To respect, support and assist Datang Jilin in conducting the normal operation and management services as stated in the agreement. (6) (As a professional company) to fully make use of its advantages and provide management services for the safety production of Datang Jilin. (7) To accommodate Datang Jilin in developing the early-stage work for the wind power project in Jilin area. (8) (As the commissioning party for management services) to take an important role in supporting professional technology management, which mainly includes improvement and measures on technology, management on fixed amount for checking and repairing, etc. (9) To draft, negotiate and sign the newly created articles of association of the Company and to approve relevant agreements. (10) To be responsible for the management of the shareholders' meeting, board of directors and supervisory board ("three meetings") of the project companies and the standardization of the operation of the "three meetings" of the project companies at its sole discretion in order to coordinate the relationship between shareholders. (11) To supervise the connected transactions, external guarantees, entrusted loans, substantial external investments of the project companies;

Report of Directors *(Continued)*



- the rights and obligations of Datang Jilin are given as follows: (1) To collect the service fee for the provision of operation and management as stipulated in the agreement. (2) To coordinate relevant local governmental authorities and relevant enterprises, such as power grid companies. (3) Except for the operation and management services as stipulated in the agreement, Datang Jilin shall not participate in any wind power-related investment activity within Jilin area. If Datang Jilin has the opportunity to engage in any new wind power related business within Jilin area, it shall refer such new business opportunity to the Company. (4) To be responsible for the engineering construction of the project companies. (5) To implement the annual early-stage plan on the wind power project of the project companies and the service fee plan thereof. (6) To be responsible for the daily operation and management of the project companies, implement the production and operation plan phase by phase, investment plan for large-to-medium scale infrastructure, financial budget and plans on technology improvement, checking and repairing, maintenance, small-scale infrastructure and the implementation of informationalized construction. To bear the liability arising from safety and environmental accidents. (7) To be fully responsible for the planning and management of the operation of the project companies and responsible for the planning and management of the wind power capacity of the project companies and to secure wind power generation plans from regional power grid companies. (8) To be fully responsible for the human resources management, such as key personnel management, departments setting, allocation of human resources, labor disputes and remuneration and social insurance of the project companies. All key personnel, employees and retired employees shall be managed by Datang Jilin. Datang Jilin shall be responsible for the reasonable allocation of human resources of the project companies in the area. (9) To be fully responsible for the financial management, preparation and implementation of financial budget and financial accounts of the project companies. To supervise and procure the project companies to submit financial statements to the Company on a monthly basis within the designated timeframe. (10) To be responsible for the safety production management of the project companies and bear the liability on safety and environmental issues for the project companies in

Report of Directors (Continued)

accordance with relevant requirements on safety production management and environment protection supervision as required by the state and group companies. (11) (As to matters such as connected transactions, external guarantees, entrusted loans and substantial external investments) to be responsible for formulating proposals according to the articles of association of the project companies, the regulatory laws and regulations for listing and relevant regulations of the Company, and reporting to the Company for relevant decision-making procedures, which shall be executed upon approval. (12) Any litigation and arbitration against the project companies arising from various disputes shall be reported to Datang Jilin immediately according to the relevant rules of Datang Jilin and relevant works of such litigation and arbitration shall be handled and undertaken according to the rules of Datang Jilin, and the progress shall be reported to the Company simultaneously. Any losses incurred due to the negligence of Datang Jilin shall be borne by Datang Jilin; and

- if either party violates any term of the agreement (hereinafter the “Defaulting Party”), the other party (hereinafter the “Observant Party”) can notify it in written form about the breach, and require the Defaulting Party to remedy the breach within a reasonable term. If the Defaulting Party fails to make any remedy for the breach within the above term, the observant party shall be entitled to terminate the agreement immediately.

The annual caps are determined after arm’s length negotiations between the Company and Datang Jilin with reference to the average total net profits of the Project Companies for the past three years (i.e. 2012 to 2014).

Datang Jilin is a wholly-owned subsidiary of Datang Corporation. As Datang Corporation is a controlling shareholder of the Company, Datang Jilin, being the second largest shareholder of the Company, as well as a subsidiary of Datang Corporation, is a connected person to the Company.

Within the Reporting Period, the annual cap of the continuing connected transaction, for 2015 was RMB5 million, and the actual transaction amount was RMB0.

Report of Directors (Continued)



Except the abovementioned, on 12 October 2015, the Company entered into the Finance Lease Framework Agreement (the “Finance Lease Framework Agreement”) with Shanghai Leasing Company in connection with the continuing transactions whereby Shanghai Leasing Company will provide lease or sale and lease-back of turbines to the Company from 1 January 2016 to 31 December 2017 and discussed the proposed annual caps for both years, which were approved and passed at the second extraordinary general meeting of 2015 held by the Company on 18 December 2015. For details of the Finance Lease Framework Agreement, the continuing connected transactions thereunder and independent Shareholder’s approval, please refer to the announcements and circular published on the website of Hong Kong Stock Exchange and the Company on 12 October 2015, 2 November 2015 and 18 December 2015.

The independent non-executive Directors of the Company have reviewed each of the above mentioned continuing connected transactions and confirmed that the transactions and the proposed annual caps have been:

- (1) generated from the ordinary business operation, and would facilitate the normal development of the business and bring about certain benefit for the Company;
- (2) in accordance with normal commercial terms, being fair and reasonable; and
- (3) in the interests of the Company and its shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditors of the Company to go through certain fact-finding procedures in accordance with the 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 Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their conclusion to the Board, stating that:

- (1) nothing has come to the auditors’ attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Company’s Board.

Report of Directors (Continued)

- (2) for transactions involving the provision of goods or services by the Group, nothing has come to the auditors' attention that causes the auditors to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (3) nothing has come to the auditors' attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (4) With respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to the auditors' attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the maximum annual cap of each of the above disclosed continuing connected transactions set by the Company.

Please refer to Note 28 to the consolidated financial statements for details of the significant related party transactions pursuant to IFRSs. For the connected transactions and continuing connected transactions pursuant to the requirements of Listing Rules, please see this section. In respect of the above mentioned connected transactions and the related party transactions as disclosed in note 28 to the financial statements, the Directors confirmed that the Company was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

XXVI. COMPLIANCE WITH NON-COMPETITION AGREEMENT

The Company entered into the Non-Competition Agreement with Datang Corporation on 30 July 2010. Under the agreement, Datang Corporation has undertaken to the Company that except in certain limited circumstances, for so long as the agreement remains effective, it shall not, and shall procure its associates (excluding the Company) not to, directly or indirectly and in whatever manner, engage, participate or be interested in, or provide support to, any business or activity which competes or is likely to compete with wind, solar and biomass power business of the Company. Datang Corporation has also granted the Company an option and pre-emptive right to acquire certain interests retained by Datang Corporation following the reorganization and certain future businesses.

Pursuant to the agreement, the independent non-executive Directors of the Company are responsible for reviewing and considering whether or not to exercise such options and pre-emptive rights and are entitled, on behalf of the Company, to review the implementation of the undertakings under the agreement on an annual basis. During the year, the independent non-executive Directors of the Company have reviewed the implementation of the Non-Competition Agreement and confirmed that Datang Corporation has been in full compliance with the agreement and there was no breach by Datang Corporation.

Report of Directors *(Continued)*



XXVII. RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Company's retirement and employees benefit scheme are set out in Note 2.23 to the consolidated financial statements.

XXVIII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Main Board of the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices. Save as disclosed in this report, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Please refer to the Corporate Governance Report as set out on pages 70 to 91 of this annual report for details.

XXIX. PUBLIC FLOAT

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

XXX. MATERIAL LITIGATION

As at 31 December 2015, the Group was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

XXXI. AUDIT COMMITTEE

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

Report of Directors (Continued)

XXXII. AUDITORS

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were appointed to audit the financial statements for the year ended 31 December 2013 prepared in accordance with IFRSs and CAS and to audit the financial statements for the year ended 31 December 2014 prepared in accordance with IFRSs and CAS, respectively. According to the relevant regulations issued by the Ministry of Finance of the People's Republic of China and the SASAC of the State Council, there are restrictions in respect of the years of services of the auditors which continuously undertake financial auditing work in respect of a state-owned enterprise and its subsidiaries. Due to the aforesaid requirements, the Company already ceased to re-appoint PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the auditors with respect to 2015 annual report of the Company. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers confirmed that there were no matters in respect of their retirement that needed to be brought to the attention of the Shareholders. The Board confirmed that, PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (both are the retired domestic and overseas auditors) had no disagreement with the Company and there was no matter relating to their retirement that needs to be brought to the attention of the Shareholders.

On 30 June 2015, Ernst & Young Hua Ming LLP and Ernst & Young were appointed as the domestic and overseas auditors for 2015 of the Company at the annual general meeting of 2014 of the Company, with a term until the forthcoming annual general meeting.

Ernst & Young and Ernst & Young Hua Ming LLP were appointed to audit the financial statements for the year ended 31 December 2015 prepared in accordance with IFRSs and CAS, respectively.

XXXIII. FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 12 to 13 of this annual report.



Report of Directors (*Continued*)

XXXIV. CHANGES IN ACCOUNTING POLICIES

Details of the changes in accounting policies are set out in Note 2.2 to the consolidated financial statements.

XXXV. MATERIAL CONTRACTS

Save as disclosed in the section headed “Connected Transactions” of this annual report, none of the Company or any of its subsidiaries entered into material contracts with the controlling shareholder or any of its subsidiaries other than the Group, nor was there any material contract between the Group and the controlling shareholder or any of its subsidiaries other than the Group in relation to provision of services.

By Order of the Board
Chairman
Wang Yeping

Beijing China, 25 March 2016

Corporate Governance Report

I. CORPORATE GOVERNANCE PRACTICES

The Company has always been committed to improving corporate governance since its establishment. According to provisions of the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules, it has established a modern corporate governance structure comprising a number of independently operated bodies including the general meetings, the Board, the Supervisory Committee and the senior management in order to provide an effective check and balance. The Company has also adopted the Code as its own corporate governance practices. As at 31 December 2015, the Company was not involved in any material litigation liable by any Director. Each Director has the necessary qualification and experience required for performing his duty. The Company estimates that in the reasonably foreseeable future, there is little risk that there would be any event for which any Director shall take responsibility. Therefore, the Company confirms that no liability insurance has been arranged for the Directors.

On 17 November 2014, Mr. Ma Zhizhong, an independent non-executive Director of the Company, resigned as an independent non-executive Director of the Company due to other work arrangement. The candidate for independent non-executive Director was determined later in March 2015. The Company published a circular on 12 March 2015 for the first extraordinary general meeting for 2015 to propose appointment of Mr. Yu Shunkun as an independent non-executive Director. The appointment of Mr. Yu Shunkun as an independent non-executive Director was approved at the extraordinary general meeting on 27 March 2015.

For the year ended 31 December 2015, save as disclosed above, the Company has been in strict compliance with the principles and code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules, as well as certain recommended best practices.

Corporate governance practices adopted by the Company are outlined as follows:

1. Board

The Board carries out its duties and exercises its powers in accordance with the Articles of Association and in the best interest of the Company and its shareholders. It reports and is held accountable to the general meetings, and implements the resolutions thereof.

Corporate Governance Report (Continued)



(1) *Composition of the Board*

As at 31 December 2015, the Board consisted of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors.

The Company believes that the increasing diversity at the board level is one of essential elements in supporting the attainment of its strategic objectives and its sustainable development, therefore, the Company formulated Board Diversity Policy in August 2014. While determining the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experiences, skills, knowledge and service tenure, and finally make decisions based on the value of candidates and contributions they can bring to the Board. All nominees proposed by the Board shall comply with the principle of appointment based on merits and fully take into account objective conditions and benefits of diversity of the Board while considering candidates. The nomination committee of the Company (the "Nomination Committee") will report the composition of the Board at a diversity level in the annual report each year, supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. The Nomination Committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for the approval of the Board.

The biographical details of the Directors as at the date of this report are set out on pages 96 to 104 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationships) between members of the Board. The structure of the Board is well balanced, with each Director equipped with profound knowledge, experience and expertise relevant to the Company's business operation and development. All Directors are well aware of their joint and individual responsibilities toward the shareholders.

Since the listing of the Company, the Board has always been abiding by the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors and that independent non-executive Directors shall represent at least one-third of the Board, except that, in November 2014, Mr. Ma Zhizhong, an independent non-executive Director of the Company, resigned as an independent non-executive Director of the Company due to other work arrangement. The candidate for independent non-executive Director was determined later in March 2015, and Mr. Yu Shunkun was officially appointed as an independent non-executive Director of the Company at the first extraordinary general meeting of the Company for 2015.

Corporate Governance Report (Continued)

The qualifications of the Company's three independent non-executive Directors are in full compliance with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. In addition, the Company has received annual confirmations dispatched by each independent non-executive Director in accordance with Rule 3.13 of the Listing Rules as to their respective independence. Therefore, the Company is of the view that each independent non-executive Director is independent as provided in the Listing Rules.

Current members of the Board of the Company are listed in the following table:

Name	Date of birth	Position	Date of appointment
Wang Yeping	1956.08	Chairman of the Board and Non-executive Director	20 August 2014
Zhang Chunlei	1962.01	Executive Director, President Vice Chairman of the Board	6 January 2015 ^{Note 1} 4 March 2015
Kou Bing'en	1962.09	Non-executive Director	20 August 2014
An Hongguang	1959.05	Non-executive Director	27 March 2015 ^{Note 2}
Guo Shuping	1965.07	Non-executive Director	10 October 2014
Hu Guodong	1963.10	Executive Director Vice president	27 December 2013 1 July 2010
Liu Chaoan	1956.03	Independent Non-executive Director	1 July 2010
Lo Mun Lam, Raymond	1953.09	Independent Non-executive Director	20 August 2014
Yu Shunkun	1963.05	Independent Non-executive Director	27 March 2015 ^{Note 3}

Note:

1. Mr. Zhang Chunlei was appointed as a non-executive Director of the Company on 6 June 2014 and redesignated as an executive Director and the President of the Company on 6 January 2015. On 4 March 2015, he was elected as the Vice Chairman of the Company.
2. Mr. An Hongguang was appointed as a non-executive Director of the Company on 27 March 2015.
3. Mr. Yu Shunkun was appointed as an independent non-executive Director of the Company on 27 March 2015.

Corporate Governance Report (Continued)



(2) Board meetings

According to the Articles of Association, the Board is required to hold Board meetings at least four times each year to be convened by the Chairman of the Board.

Notices of regular Board meetings shall be dispatched at least fourteen days in advance, stating the time, venue and the means to be adopted by the meeting.

Except where a Board meeting is convened to consider connected transactions as provided in the Articles of Association, a quorum for the Board meeting can be formed by more than half of the Directors attending the meeting. Directors may attend the Board meeting in person or appoint another Director as his proxy in writing. The secretary of the Board is responsible for preparing and keeping minutes of Board meetings and making sure that such minutes are available for reference by any Director.

In 2015, the Board held eight meetings, and the record of Directors' attendance is set out as follows:

Name	Position	Attendance/ number of meetings held	Attendance rate
Wang Yeping	Chairman of the Board and Non-executive Director	8/8	100%
Zhang Chunlei	Vice Chairman of the Board, Executive Director and President	8/8	100%
Kou Bing'en	Non-executive Director	8/8	100%
An Hongguang ^(Note 1)	Non-executive Director	5/5	100%
Guo Shuping	Non-executive Director	8/8	100%
Hu Guodong	Executive Director and Vice president	8/8	100%
Liu Chaoan	Independent Non-executive Director	8/8	100%
Lo Mun Lam, Raymond	Independent Non-executive Director	8/8	100%
Yu Shunkun ^(Note 2)	Independent Non-executive Director	5/5	100%
Hu Yongsheng ^(Note 3)	Former Executive Director and Vice Chairman of the Board	3/3	100%

Corporate Governance Report (Continued)

Note:

1. Mr. An Hongguang was appointed as a non-executive Director of the Company on 27 March 2015. For the year ended 31 December 2015, five Board meetings were held since his appointment.
2. Mr. Yu Shunkun was appointed as an independent non-executive Director of the Company on 27 March 2015. For the year ended 31 December 2015, five Board meetings were held since his appointment.
3. Mr. Hu Yongsheng resigned as an executive Director on 27 March 2015. Three meetings were held for the period ended 27 March 2015 before his resignation.

In particular, Mr. Wang Yeping, Chairman of the Board of the Company, held two meetings with the non-executive Directors (including the independent non-executive Directors) of the Company in March 2015 and August 2015, respectively.

(3) Powers and responsibilities of the Board and the management

The powers and responsibilities of the Board and the management are specified in the Articles of Association, providing a sufficient restrained and balanced mechanism for corporate governance and internal controls. The Board is responsible for corporate governance. The Company has formulated its corporate governance policy pursuant to the requirements of Appendix 14 to the Listing Rules. As at 31 December 2015, the Board performed its duties according to the corporate governance policy of the Company.

The Board is responsible for deciding on the Company's business and investment plans, deciding on establishment of the Company's internal management structure, formulating the Company's basic management system, deciding on other material business and administrative matters of the Company and monitoring the performance of the management.

Corporate Governance Report (Continued)



The Board is responsible for the Company's corporate governance. In 2015, the Board mainly reviewed the Company's corporate governance policy and practices, reviewed and supervised the training and continuous professional development of Directors and senior management, reviewed and supervised the Company's policy and practices in respect of compliance with laws and regulatory regulations, reviewed and supervised the code of conduct and compliance manual for employees and Directors, and reviewed the Company's compliance with the Code and the disclosures made in the Corporate Governance Report.

The management of the Company, led by the President (who is also an executive Director), is responsible for implementing all the resolutions issued by the Board and organising management of the Company's day-to-day operation.

(4) *Chairman and President*

The positions of the Chairman and the President (i.e., chief executive officer under the terms of the Listing Rules) of the Company are held by different persons in order to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them. Mr. Wang Yeping and Mr. Zhang Chunlei served as the Chairman and the President respectively, whose powers and responsibilities were clearly divided.

In 2015, the Chairman of the Company, Mr. Wang Yeping, who led the Board, decided on the Company's overall development strategies, ensured the effective operation of the Board, performed his bounden duties, and brought all important matters to discussion in a timely manner; made sure that the Company had in place good corporate governance practices and procedures; and made sure that the Board acted in the best interests of the Company and all its shareholders. In 2015, the President Mr. Zhang Chunlei was mainly in charge of the Company's day-to-day operation management, including organising the implementation of the Board resolutions and routine decision-making, etc..

Corporate Governance Report (Continued)

(5) *Appointment and re-election of Directors*

As provided in the Articles of Association, Directors are elected by general meetings for a term of no more than three years and are eligible for reappointment. The Company has implemented a set of effective procedures regarding the appointment of new Directors. The nomination of new Directors is firstly discussed by the Nomination Committee which then submits its recommendation to the Board, and is subject to approval via the election in general meeting.

The Company has entered into service contracts with all its Directors (including non-executive Directors) for a term commencing from the date of appointment to the date of expiry of the term of this session of the Board and subject to termination in accordance with the terms under respective service contracts.

(6) *Remuneration of Directors*

Remuneration of Directors is determined by the Remuneration and Assessment Committee based on criteria such as working experience, working performance, positions and market conditions.

(7) *Training for Directors and Joint Company Secretaries*

(A) Training for Directors

All Directors always attend to the Directors' duties and personal integrity, and the business activities and developments of the Company. In 2015, they had been updated on a monthly basis with information relating to the performance, state of affairs and prospects of the Company. In addition, the Company provided Directors with the latest developments in the Listing Rules and other applicable regulatory regulations, to make sure they were able to keep making contribution to the Board with extensive information and appropriate expertise.

A newly-appointed Director will be provided with a necessary introduction package designed for him, including meeting with senior management, so that he will have a deep understanding of the Group's businesses, strategy, major risks and problems and future development plan.

Corporate Governance Report (Continued)



For the year ended 31 December 2015, the Company carried out various trainings for the Directors and management of the Company on the following topics:

1. Internal business consultation; and
2. Corporate Governance Code and latest amendments to the Listing Rules.

In 2015, all Directors attended the continuous professional development programme, developed and refreshed their knowledge and skills to help ensure that they continue contributing to the Board with complete information and as needed.

Trainings received by all Directors during the year are as follows:

Name	Position	Training topics
Wang Yeping	Chairman of the Board and Non-executive Director	Business management and corporate governance
Zhang Chunlei	Vice Chairman of the Board, Executive Director and President	Business management and corporate governance
Kou Bing'en	Non-executive Director	Business management and corporate governance
An Hongguang	Non-executive Director	Business management and corporate governance
Guo Shuping	Non-executive Director	Business management and corporate governance
Hu Guodong	Executive Director	Business management and corporate governance
Liu Chaoan	Independent Non-executive Director	Business management and corporate governance
Lo Mun Lam, Raymond	Independent Non-executive Director	Business management and corporate governance
Yu Shunkun	Independent Non-executive Director	Business management and corporate governance

Corporate Governance Report (Continued)

(B) Training for joint company secretaries

The Company appointed Mr. Chen Yong as a joint company secretary of the Company on 10 June 2014. In compliance with Rule 3.29 of the Listing Rules, Mr. Chen Yong, the joint company secretary of the Company, had undertaken relevant profession trainings of not less than 15 hours during the year ended 31 December 2015.

The Company appointed Ms. Kwong Yin Ping Yvonne (a vice president of SW Corporate Services Group Limited) as one of its joint company secretaries on 11 July 2015. In compliance with Rule 3.29 of the Listing Rules, Ms. Kwong, the joint company secretary, had undertaken no less than 15 hours of relevant profession training during the year ended 31 December 2015. Her primary contact in the Company is Mr. Chen Yong, joint company secretary of the Company.

(8) Directors' liability insurance

The Company has always been in strict compliance with the principles and requirements of the Listing Rules. As at 31 December 2015, the Company was not involved in any material litigation liable by any Director. Each Director of the Company has the necessary qualification and experience required for performing his duty. The Company estimates that in the reasonably foreseeable future, there is little risk that there would be any event for which any Director shall take responsibility. Therefore, the Company confirmed that no liability insurance was arranged for Directors.

2. Four Professional Committees under the Board

There are four professional committees under the Board, including the Audit Committee, Nomination Committee, Remuneration and Assessment Committee and Strategic Committee.

(1) *Audit Committee*

As at 31 December 2015, the Audit Committee of the Company consists of three Directors, i.e. Mr. Lo Mun Lam, Raymond (independent non-executive Director), Mr. Guo Shuping (non-executive Director) and Mr. Yu Shunkun (independent non-executive Director), with Mr. Lo Mun Lam, Raymond serving as the Chairman of the Audit Committee.

The primary responsibilities of the Audit Committee are to monitor our financial reporting system, risk management and internal control systems, and to review and assess the matters, which include, among other things:

- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget and expenditure of the Company's accounting, internal audit and financial reporting functions;
- assessing whether there exists significant control failings or weakness in the Company's internal control; reviewing and monitoring the scope, effectiveness and results of internal audit and risk management to ensure that the internal audit function is independent, that the internal and external auditors are well coordinated, and that the internal audit function has sufficient resources and is well-positioned within the Group;
- assessing the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
- discussing with the management about the risk management and internal control systems to ensure its fulfillment of duties in establishing such systems. The content to be discussed shall include: the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

Corporate Governance Report (Continued)

- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; and
- establishing procedures for the treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, potential violations of law and suspicious accounting or auditing improprieties, and ensuring that proper arrangements are in place for the fair and independent investigation of these matters and appropriate follow-up action by the Company.

During the reporting period, the Audit Committee held three meetings, details of which are set out as follows:

- The fourth meeting of the second session of the Audit Committee of the Board was held on 26 March 2015, for the main purpose of considering and approving the 2014 annual results announcement and annual report of the Company, the 2014 financial report of the Company, the profit distribution plan of the Company for 2014, and the 2014 report on internal control of the Company.
- The fifth meeting of the second session of the Audit Committee of the Board was held on 12 June 2015, for the main purpose of re-appointment of the Company's domestic and international auditors for 2015 and their remuneration.
- The sixth meeting of the second session of the Audit Committee of the Board was held on 21 August 2015, for the main purpose of considering and approving the 2015 interim results announcement and interim report of the Company.

Corporate Governance Report (Continued)



The record of attendance is set out as follows:

Member	Number of attendance/required number of attendance
Lo Mun Lam, Raymond (<i>Chairman of the Committee</i>)	3/3
Guo Shuping	3/3
Yu Shunkun ^(Note 1)	2/2

Note:

1. Mr. Yu Shunkun was appointed as an independent non-executive Director and a member of the Audit Committee of the Company on 27 March 2015. The Audit Committee held two meetings for the year ended 31 December 2015 after his appointment.

(2) *Nomination Committee*

As at 31 December 2015, the Nomination Committee of the Company consists of three Directors, i.e. Mr. Kou Bing'en (non-executive Director), Mr. Liu Chaoan (independent non-executive Director) and Mr. Lo Mun Lam, Raymond (independent non-executive Director) with Mr. Liu Chaoan serving as the Chairman of the Nomination Committee.

The primary responsibilities of the Company's Nomination Committee are to review the structure, size and composition of the Board, formulate the criteria and procedures for selection of candidates for Directors and senior management, make recommendations to the Board on the appointment of and succession planning for Directors and to conduct preliminary review of the qualifications of the candidates for Directors and senior management.

During the reporting period, the Nomination Committee held one meeting, details of which are set out as follows:

- The third meeting of the second session of the Nomination Committee of the Board was held on 27 March 2015, for the main purpose of reviewing the proposal in relation to the composition of the Board and the independence of independent non-executive Directors.

Corporate Governance Report (Continued)

The record of attendance is set out as follows:

<u>Member</u>	<u>Number of attendance/required number of attendance</u>
Kou Bing'en	1/1
Liu Chaoan (<i>Chairman of the Committee</i>)	1/1
Lo Mun Lam, Raymond	1/1

(3) *Remuneration and Assessment Committee*

As at 31 December 2015, the Remuneration and Assessment Committee of the Company consists of three Directors, i.e. Mr. Yu Shunkun (independent non-executive Director), Mr. Liu Chaoan (independent non-executive Director) and Mr. Zhang Chunlei (executive Director) with Mr. Yu Shunkun serving as the Chairman of the Company's Remuneration and Assessment Committee.

The primary responsibilities of the Remuneration and Assessment Committee are to formulate the standards for the evaluation of the Directors and senior management and conduct such evaluation, and to promulgate the remuneration schemes for the Directors and senior management and make recommendations to the Board in respect thereof, including, among other things:

- drawing up the overall remuneration package for the Directors and senior management, evaluating the performance of the senior management and approving the remuneration to be paid to the senior management;
- reviewing the Directors' remuneration and making recommendations to the Board in respect thereof; and
- reviewing the remuneration schemes of Directors and senior management and making recommendations to the Board in respect thereof.

Corporate Governance Report (Continued)



During the reporting period, the Remuneration and Assessment Committee held one meeting, details of which are set out as follows:

- The second meeting of the second session of the Remuneration and Assessment Committee of the Board of Directors was held on 27 March 2015, at which the proposal of assessment and incentive for the work of operation management team in 2014 was considered.

The record of attendance is set out as follows:

Member	Number of attendance/required number of attendance
Zhang Chunlei	1/1
Liu Chaoan	1/1
Yu Shunkun ^(Note 1)	1/1

Note:

1. Mr. Yu Shunkun was appointed as the chairman of the Remuneration and Assessment Committee of the Company on 27 March 2015. The Remuneration and Assessment Committee held one meeting for the year ended 31 December 2015 after his appointment.

(4) *Strategic Committee*

As at 31 December 2015, the Strategic Committee of the Company consists of three Directors, i.e. Mr. Zhang Chunlei (executive Director), Mr. An Hongguang (non-executive Director) and Mr. Hu Guodong (executive Director), with Mr. Zhang Chunlei serving as the Chairman of the Strategic Committee.

The primary responsibilities of the Strategic Committee are to formulate our overall development plans and investment decision-making procedures, including, among other things:

- reviewing the Company's long-term development strategies;
- reviewing the Company's strategic planning and implementation reports; and

Corporate Governance Report (Continued)

- reviewing significant capital expenditure.

During the reporting period, the Strategic Committee held two meetings, details of which are set out as follows:

- The second meeting of the second session of the Strategic Committee of the Board was held on 27 March 2015, at which the report of the operation and investment plans of the Company for 2015 was considered.
- The third meeting of the second session of the Strategic Committee of the Board was held on 21 August 2015, at which the report of adjusting the operation and investment plans of the Company for 2015 was considered.

The record of attendance is set out as follows:

<u>Member</u>	<u>Number of attendance/required number of attendance</u>
Mr. Zhang Chunlei	2/2
Mr. An Hongguang ^(Note 1)	2/2
Mr. Hu Guodong	2/2
Former members	
Mr. Hu Yongsheng (<i>Former Chairman of the committee</i>) ^(Note 2)	NA

Notes:

1. Mr. An Hongguang was appointed as the member of the Strategic Committee of the Company on 27 March 2015. The Strategic Committee held two meetings for the year ended 31 December 2015 after his appointment.
2. Mr. Hu Yongsheng resigned as the Chairman of the Strategic Committee on 27 March 2015. The Strategic Committee held no meeting for the period ended 27 March 2015 before his resignation.



3. Directors' Responsibility for the Financial Statements

The Board has acknowledged its responsibility for preparing the financial statements of the Group for the year ended 31 December 2015. The Board is responsible for presenting a clear and understandable assessment of the annual and interim reports, inside information, price sensitive information and other disclosures as required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an assessment of the financial information and status of the Group before giving its approval. The Group is not exposed to any material uncertainty that may exert significant impact on the Group's ability to continue as a going concern.

4. Compliance with the Model Code for Dealing in the Securities of the Company by Its Directors, Supervisors and Relevant Employees

The Group has adopted the Model Code as the code of conduct for dealing in the securities of the Company by its Directors, Supervisors and relevant employees (as defined in the Code). According to the specific enquiries of all Directors and supervisors of the Company, each Director and supervisor confirmed that she/he had strictly complied with the standard set out in the Model Code during the reporting period.

The Board will examine the corporate governance practices and operation of the Group from time to time to ensure that the Group is in compliance with relevant requirements under the Listing Rules and that the shareholders' interests are safeguarded.

Corporate Governance Report (Continued)

5. Internal Control

Attaching great importance to internal control, the Company has established a complete and prudent internal control system and worked out a set of rules to ensure the institutionalisation and systematisation of internal controls of the Company.

In terms of organisational structure, the Company has established the President Office Department, Development Planning Department, Planning and Marketing Department, Capital Operation and Property Right Management Department, Human Resources Department, Financial Management Department, Operation Safety Department, Project Management Department, Political Work Department, International Business Department and Supervision and Audit Department. All the departments are sufficiently staffed, respectively taking charge of financial operations and monitoring, risk management, internal audit and anti-corruption. In addition, the Company arranges reasonable budgets to provide regular trainings for the staff of the Company and its subsidiaries performing functions such as finance, risk management and internal audit so as to ensure that they are fully qualified and experienced.

All departments are under direct leadership of the President of the Company, who is thereby able to report instantly to the Board on the operations of each department and problems received. Any significant matter (if subject to disclosure to the market) identified by the staff could be reported to the management in a timely, accurate and effective manner and the decisions of the management of the Company could be implemented accurately and timely under supervision.

During the reporting period, the Board assessed the internal control systems of the Company and its subsidiaries such as financial control, operation control, compliance control and risk management systems and was not aware of any material problems or any material mistakes. The Board believes that the current monitoring system of the Company is effective and that the qualifications and experience of the staff, performing accounting and financial reporting functions and the training programmes of the Company as well as the experiences and resources for setting the budget of the Company are adequate.



6. Auditors' Remuneration

Ernst & Young and Ernst & Young Hua Ming LLP (collectively, "External Auditors") were appointed as international and domestic auditors to audit the financial statements for the year ended 31 December 2015 prepared in accordance with IFRSs and Accounting Standards for Business Enterprises of the PRC, respectively. Aggregate fees in respect of audit and audit-related services provided by the External Auditors payable by the Company during the year ended 31 December 2015 were RMB6.6 million.

Non-audit services provided by Ernst & Young include the special auditing service on write-off of assets impairment of the Company at a charge of RMB0.03 million, and comfort letter on statements of working capital of the Company at a charge of RMB0.1 million.

7. Remuneration of Directors and Senior Management

A formal and transparent procedure for fixing the remuneration packages of individual Directors and senior management is in place. Details of the remuneration for Directors and top seven persons in respect of remuneration are set out in Note 11 to the consolidated financial statements of the annual report. For the year ended 31 December 2015, the scope of remuneration for the senior management of the Company is set out below:

Scope of remuneration (RMB'000)	Number of members of senior management
0-500	6
500-1,000	2

Note: Numbers disclosed above includes the senior management of the Company and those who are executive directors.

Corporate Governance Report (Continued)

8. Shareholders' General Meeting

In 2015, the Company held three shareholders' general meetings in total with attendance of Directors as follows:

Name	Position	Number of attendance/ number of the meeting	Attendance
Wang Yeping	Chairman of the Board and Non-executive Director	3/3	100%
Zhang Chunlei	Vice Chairman of the Board, Executive Director and President	3/3	100%
Kou Bing'en	Non-executive Director	3/3	100%
An Hongguang	Non-executive Director	2/2	100%
Guo Shuping	Non-executive Director	3/3	100%
Hu Guodong	Executive Director	3/3	100%
Liu Chaoan	Independent Non-executive Director	3/3	100%
Lo Mun Lam, Raymond	Independent Non-executive Director	3/3	100%
Yu Shunkun	Independent Non-executive Director	2/2	100%
Hu Yongsheng	Former Chairman of the Board, Executive Director and general manager	1/1	100%

9. Communication with Shareholders

The Company highly appreciated shareholders' opinions and advice, actively organised various investor relations activities to maintain connections with shareholders and made timely responses to the reasonable requests of shareholders.

(1) Shareholders' rights

The Board is committed to communicating with shareholders and makes disclosure in due course about the Company's major developments to shareholders and investors. The general meeting of the Company provides shareholders and the Board with good communication opportunities. Notices on convening general meetings are dispatched to all shareholders at least 45 clear days prior to the meeting.

The Company's general meetings include annual general meetings, which are held once each year within 6 months of the end of the previous accounting year, and extraordinary general meetings, which are convened in compliance with the Articles of Association and whenever the Board considers appropriate. Shareholders individually or jointly holding a total of more than 10% (inclusive) of the Company's outstanding shares carrying voting rights on the date of submitting a request is entitled to, by sending the Board or the company secretary a written requisition, ask the Board at any time to convene an extraordinary general meeting to deal with matters specified in the requisition. And such meetings shall be held within 2 months after the requisition is presented.

Shareholders who wish to put forward proposals during the general meeting may raise their hands and speak in order of registration at any time after the resolutions to be considered at the meeting are announced. The Directors, supervisors and members of senior management of the Company shall respond to the questions and suggestions from shareholders.

The Chairman of the Board and the chairmen of all committees under the Board (or, in whose absence, other members of the committees) will answer question(s) at the general meetings. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Poll results are deemed resolutions of the meeting.

Corporate Governance Report (Continued)

The Board of the Company encourages shareholders to attend general meetings to communicate directly concern(s) they may have with the Board or the management. Shareholders holding 3% or more of the Company's shares with voting right have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such general meeting if they are matters falling within the functions and powers of general meeting. The ad hoc proposals raised by shareholders shall satisfy the following requirements: (i) Free of conflicts with the provisions of laws and regulations, and fall into the business scope of the Company and the terms of reference of the general meeting; (ii) With definite topics to discuss and specific matters to resolve; and (iii) Submitted or served to the Board in writing ten (10) days prior to the date of the general meeting.

In 2015, the Company held the 2015 first extraordinary general meeting, 2014 annual general meeting and 2015 second extraordinary general meeting.

Detailed voting procedures and resolutions being voted on by way of poll are contained in the circulars dispatched to shareholders.

(2) *Shareholders' inquiries*

If you have any query in connection with your shareholdings, including shares transfer, change of address or wish to report loss of shares or dividend warrant, please write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862-8628

Fax: (852) 2865-0990, (852) 2529-6087

Website: www.computershare.com.hk

Corporate Governance Report *(Continued)*



(3) Investor relations and communications

The Company set up a website at www.cdt-re.com, as a channel to promote communication, publishing announcements, financial information and other relevant information of the Company. Shareholders are welcome to make enquiries directly to the Company at its principal place of business in Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner. The primary contact of the Company is Mr. Chen Yong.

10. Change of constitutional documents

During the year ended 31 December 2015, there was no material change in the Company's constitutional documents.

Investor Relations

I. EVENTS RELATING TO INVESTOR RELATIONS IN 2015

1. Investors' routine visits

During the reporting period, we always give detailed answers to the queries raised by investors and analysts in compliance with the information disclosure rules. As at the end of 2015, the Company had adequate communications and exchange of ideas with investors and analysts from a number of institutions via meetings, telephone calls, emails and WeChat.

2. Participation in investment summits

During the reporting period, the Group actively participated in major summits and investment forums in the PRC and Hong Kong organised by world-famous investment banks, at which we had one-on-one or group meetings to promote indepth communication with important global investors.

3. Results briefings

During the reporting period, the Group published its 2014 annual results and 2015 interim results in due course. In March 2015, the management of the Company visited Hong Kong to hold a road show for 2014 annual results, organised a press conference, an analysts conference and seventeen one-on-one meetings with investors. In August 2015, the management of the Company hosted a road show for 2015 interim results in Hong Kong, organised a press conference, an analysts conference and fifteen one-on-one meetings with investors.

II. OUTLOOK FOR MANAGEMENT OF INVESTOR RELATIONS IN 2016

In 2016, the Group will be more focused on demands of investors and analysts, pay close attention to important policies of the wind power industry, timely make public discloseable information and continuously improve the timeliness and completeness of wind power data disclosure to providethe public more timely access to more complete business information.



Report of the Supervisory Committee

In 2015, all members of the Supervisory Committee of the Company have earnestly performed their supervisory functions to safeguard the rights and interests of the Group and the shareholders in accordance with the Company Law, the Company Law of the PRC, the Articles of Associations, the Rules of Procedures of the Supervisory Committee and the relevant provisions in the Listing Rules.

I. MEETINGS OF THE SUPERVISORY COMMITTEE

1. On 27 March 2015, the Company held the sixth meeting of the second session of the Supervisory Committee in Beijing, at which the following proposals were considered and approved: the Work Report of the Supervisory Committee of the Company for 2014, Annual Results Announcement and Annual Report of the Company for 2014, the Final Financial Report of the Company for 2014, the Financial Budget Plan of the Company for 2015 and the Profit Distribution Plan of the Company for 2014.
2. On 21 August 2015, the Company held the seventh meeting of the second session of the Supervisory Committee in Beijing, at which the proposal regarding the consideration and approval of the 2015 Interim Results Announcement and Interim Report of the Company was considered and approved.

II. PRINCIPAL INSPECTION AND SUPERVISION WORK OF THE SUPERVISORY COMMITTEE IN 2015

1. Members of the Supervisory Committee carried out supervision and inspection of the financial position of the Company and its internal control systems such as the financial management system, including regular inspections of the financial reports and budgets and irregular reviews of accounting documents and books of the Company.
2. Members of the Supervisory Committee attended 2014 Annual General Meeting, 2015 first extraordinary general meeting and 2015 second extraordinary general meeting and attended the fourteenth and seventeenth meetings of the second session of the Board without voting rights, exercising supervision in respect of the lawfulness and compliance of the procedures of the matters considered by the Board meetings.
3. The Supervisory Committee made no objection to the reports and motions tabled at the General Meetings and were convinced that the Board of Directors had faithfully implemented the resolutions approved by the General Meetings.

Report of the Supervisory Committee (Continued)

III. INDEPENDENT OPINIONS ISSUED BY THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS

1. Operation and management of the Company

During the reporting period, the Company made conspicuous achievements in terms of production and operation, internal management, structural adjustment, project construction, efficiency enhancement relying on science and technology, etc. The management of the Company attached great importance to finalize the safe production responsibilities and systems and further equipment project control with a return of comprehensive improvement of equipment health level; continuously optimize regional and industrial structures with new progress made in the early-stage development; made a breakthrough in the capacity put into operation and obtained achievements in the construction of quality projects; enhanced overall budget management, which was returned by a dramatic cost-lower efficiency and significant operational improvement; strengthened the mechanism and system reform to facilitate the building of “Standardized Good Behavior Enterprise” (標準化良好行為企業); stepped forward in reliance with scientific and technological progress, leadership and support. The management of the Company faithfully fulfilled their duties and responsibilities as stipulated in the Articles of Association and earnestly implemented the resolutions approved by the Board.

2. Financial matters of the Company

Members of the Supervisory Committee monitored and examined the financial management system and the financial condition and reviewed relevant financial information of the Company. Upon examination, the Supervisory Committee concluded that the Company had strictly complied with the relevant financial laws, regulations and financial policies, and that the financial management system was sound and implemented effectively; the accounting treatment was in line with the consistency principles; and the Company’s financial reports gave an objective and fair view of the financial position and operating results of the Company.



Report of the Supervisory Committee (*Continued*)

The Supervisory Committee reviewed the standard, unmodified audit opinion issued by Ernst & Young and Ernst & Young Hua Ming LLP in respect of the consolidated financial statements of the Group for the year ended 31 December 2015 prepared in accordance with IFRSs and Accounting Standards for Business Enterprises of the PRC respectively, and raised no objection to such reports.

3. Connected transactions

The Supervisory Committee reviewed the connected transactions between the Group and its respective connected persons during the reporting period, and was of the opinion that all the connected transactions complied with the relevant requirements of the Hong Kong Stock Exchange, and that the pricing of the connected transactions was reasonable, open and fair and there was not any matter prejudicial to the interests of the Company or shareholders.

4. Implementation of the resolutions of General Meetings

The Supervisory Committee considered that the Board of the Directors earnestly implemented the resolutions approved by the General Meetings.

In 2016, the Supervisory Committee will continue to carry out its fiduciary duties to implement effective supervision on the Company, its Directors and senior management in accordance with the relevant provisions of the Company Law of the PRC, the Articles of Association, the Rules of Procedure of the Supervisory Committee and the Listing Rules; pay close attention to the production, operation and management status of the Company as well as any significant move of the Company; and continue to strengthen the supervision on procedures of the Company's investment projects, so as to facilitate the profit growth of the Company and to dutifully protect the interests of all shareholders and the Company.

By order of the Supervisory Committee

He Hua

Chairman of the Supervisory Committee

Beijing, the PRC, 25 March 2016

Profile of Directors, Supervisors and Senior Management

I. NON-EXECUTIVE DIRECTORS

Mr. Wang Yeping, born in August 1956, joined the Company in August 2013 and served as the Chairman of the Company. He is now Vice chairman of the Board, general manager and deputy Party chief of China Datang Corporation. Mr. Wang served as the managing director and Party chief of Maoming Power Supply Bureau, Guangdong Province. He was deputy director, Party committee member and leader of Party discipline inspection team of Guangdong Provincial Power Industry Bureau. Also, he was the general manager and deputy Party chief of Guangdong Electric Power Group Corporation. Mr. Wang served as the chairman of board and Party chief in Guangdong Electric Power Group Co., Ltd.. He was director, general manager and Party committee member of China Southern Power Grid Co., Ltd.. Mr. Wang was the vice president and Party committee member in State Electricity Regulatory Commission. Mr. Wang obtained a bachelor's degree and is a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).

Mr. Kou Bing'en, born in September 1962, has been a non-executive Director since he joined the Company in August 2013. Mr. Kou has served as the director of Capital Operation and Property Management Department in China Datang Corporation since August 2011. From April 2008 to August 2011, he was the general manager of China Datang Overseas Investment Co., Ltd.. From January 2005 to April 2008, Mr. Kou was the general manager of China Datang Corporation Henan Branch. He was the deputy director of Planning and Development Department in China Datang Corporation from January 2003 to January 2005. From April 1998 to January 2003, he served as the deputy general manager in Planning Department in North China Electric Power Group Corporation. Mr. Kou was the deputy general manager and general manager in Planning and Development Department in Beijing Datang Power Generation Co., Ltd. from July 1997 to April 1998. From September 1996 to July 1997, he served as the director of Infrastructure Planning Division of Comprehensive Planning Department in North China Electric Power Group Corporation. From August 1983 to September 1996, he was a maintenance worker in Maintenance Department and a technician in Technical Association Exhibition Room of Shijingshan Power Plant (石景山發電總廠), a deputy chief engineer and deputy director of the Project Expansion Department and the Party Secretary of Shijingshan Thermal Power Plant (石景山熱電廠). Mr. Kou graduated from North China Electric Power University and obtained PhD degree. He is a senior economist (高級經濟師) (the advanced title for professional and technical qualification in Chinese economic management industry).



Profile of Directors, Supervisors and Senior Management (Continued)

Mr. An Hongguang, born in May 1959, joined the Company as a non-executive Director in March 2015. He has served as the director of the Operation Safety Department of China Datang Corporation since January 2015. Mr. An started to work with Xia Hua Yuan Power Plant in August 1982 and successively served as the deputy head of chemical workshop, head of chemical workshop, chief of the Division of Production Technology, manager assistant and deputy Party chief of Datang Dou He Power Plant, deputy manager of Production Department, deputy manager of Production Department and chief of Production Scheduling Department, and manager of Production Department and chief of Production Scheduling Department of Beijing Datang Power Generation Co., Ltd., manager of Zhang Jia Kou Power Plant, general manager assistant, and deputy general manager and a Party committee member of Datang International Power Generation Co., Ltd., and general manager and Party chief of Datang Henan Power Generation Co., Ltd (大唐河南發電有限公司). Mr. An obtained a master's degree and is a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).

Mr. Guo Shuping, born in July 1965, was the supervisor of the Company from June 2014 to October 2014. He has been a non-executive Director of the Company since October 2014 and the president and vice secretary of party leadership group of Datang Jilin Power Generation Co., Ltd. since July 2014. Mr. Guo successively served as division head of the budget auditing division of financial department and the deputy director of financial department of China Datang Corporation, deputy general manager and vice secretary of party leadership group (responsible for leading the work of the party group) of Datang Jilin Power Generation Company Limited and deputy general manager and vice secretary of party leadership group (take charge of leading the work) of Datang Jilin Power Generation Company Limited from January 2003 to July 2014. Mr. Guo obtained his bachelor of engineering degree in power system and its automation from Tsinghua University. He is currently a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC) and a senior accountant (高級會計師) (a senior title for professional and technical qualification in accounting industry in the PRC).

Profile of Directors, Supervisors and Senior Management (Continued)

II. EXECUTIVE DIRECTORS

Mr. Zhang Chunlei, born in January 1962, has been the Vice Chairman of the Company since March 2015 and the President and an executive director of the Company since January 2015. Mr. Zhang had served as the non-executive director of the Company from June 2014 to January 2015. Mr. Zhang had served as the director of safe producing department of China Datang Corporation from July 2013 to January 2015. He had served as the vice secretary of party leadership group, vice president (responsible for leading the work), secretary of party leadership group and president of Datang Heilongjiang Power Generation Co., Ltd. (大唐黑龍江發電有限公司) from April 2008 to July 2013, vice director of planning and investment financing department of China Datang Corporation from June 2007 to April 2008. Mr. Zhang served as the general manager and subsequently as the general manager and secretary of party committee of Tianjin Datang International Panshan Power Generation Company Limited (天津大唐國際盤山發電有限責任公司) from June 2005 to June 2007, and the deputy director of Zhangjiakou Power Generation Plant (張家口發電廠) from March 2004 to June 2005. Mr. Zhang served as the deputy general manager, chief engineer and secretary of discipline inspection committee of Liaoning Nenggang Power Generation Co., Ltd. (遼寧能港發電有限公司) from January 1999 to March 2004. Mr. Zhang also served several positions including shift supervisor of operating plant, deputy director of the second division of the operating plant, director of the first division of the operating plant and director of producing department of Liaoning Power Generation Plant (遼寧發電廠) from October 1991 to January 1999. Mr. Zhang obtained his bachelor degree in thermal energy from Northeast Dianli University and his master degree in business administration from Cheung Kong Graduate School of Business (長江商學院). Mr. Zhang is currently a senior engineer (高級工程師) (a senior title for professional and technical qualification in engineering industry in the PRC).

Mr. Hu Guodong, born in October 1963, joined the Company in August 2004 and began to serve as the executive Director of the Company since December 2012. Mr. Hu has been the vice president of the Company since November 2009, the board secretary and one of the joint company secretaries of the Company from July 2010 to August 2012, the president of Datang Xilin Gol Wind Power Generation Co., Ltd., Datang Laizhou Wind Power Generation Co., Ltd., Datang Zhangbei Wind Power Generation Co., Ltd. and Datang Bayannur Wind Power Generation Co., Ltd. from March 2007 to November 2009, and the vice president of the Company from August 2004 to March 2007. Prior to joining the Company, Mr. Hu worked successively as the shifter of Power Generation Department of Yuanbaoshan Power Plant, vice chief of Operation Branch of Yuanbaoshan Power Plant and president of Railway Operation Company of Yuanbaoshan Power Plant from August 1982 to December 2003. Mr. Hu graduated in 2005 from Dalian University of Technology with a master degree in Business Administration. Mr. Hu is also a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).



Profile of Directors, Supervisors and Senior Management (Continued)

III. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Chaoan, born in March 1956, has been an independent non-executive Director since he joined the Company in July 2010 currently serves as an independent non-executive director of Beijing Jingneng Clean Energy Co., Limited (stock code: 00579). Mr. Liu has been the chairman of the board of China Power Engineering Consulting Corporation North China Power Engineering Co., Ltd. (“NCPE,” a company mainly providing engineering design, consulting and other related services to the power companies in the PRC) since December 2009 and served as the chairman of the board of North China Power Engineering (Beijing) Co., Ltd. (a subsidiary of NCPE) from December 2005 to December 2009 and vice president of North China Power Engineering Co., Ltd. from October 2000 to December 2005. He also served as an independent non-executive director of Datang International Power Generation Co., Ltd from January 2007 to July 2010. Mr. Liu worked as technician in Beijing Electric Power Design Institute in 1980 and successively worked as professional section chief, deputy division chief, assistant to president of North China Electric Power Design Institute (predecessor of NCPE). Mr. Liu graduated from the Geological Institute of Jilin University in 1980 majoring in hydrogeology and obtained double bachelor degree in management engineering from Business Administration School of North China Electric Power University in 2001. Mr. Liu holds the attestation qualification of Registered Consulting Engineer, Registered Civil Engineer (Geotechnical), Certified Senior Project Manager of International Project Management Association (IPMA Level B) and Royal Institution of Chartered Surveyors (FRICS) membership, Chartered Builder of the Chartered Institute of Building (FCIOB) and is a professor-grade senior engineer (教授級高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).

Profile of Directors, Supervisors and Senior Management *(Continued)*

Mr. Lo Mun Lam, Raymond, born in September 1953, has been an independent non-executive Director since he joined the Company in August 2013. Mr. Lo, served as an executive director and co-managing partner of South Asian Investment Management Company from 21 January 2002 to 2014 and currently serves as a director of SPDB International Holdings Limited, an investment bank of Shanghai Pudong Development Bank. Trained as a Chartered Accountant in England & Wales, he also qualified as a Canadian Chartered Accountant. He currently is a member of International Bar Association. Mr. Lo is now licensed as a Responsible Officer by the Securities & Futures Commission of Hong Kong for providing Type 6 (corporate finance) advisory. He held directorate level and strategist positions with multinational financial and emerging companies internationally. He served as former chairman of the board of directors and an non-executive director (resigned in August 2013) of Luk Fook Holdings (International) Limited (stock code: 00590), as former vice chairman and a non-executive director of The Asian Capital Resources (Holdings) Limited (stock code: 08025), as a former independent non-executive director and the chairman of audit committee (resigned in 2014) of Guangshen Railway Co., Ltd. (stock code: 00525), and a former independent non-executive director (resigned in June 2015) of Shanghai Zendai Property Limited (stock code: 00755). Mr. Lo graduated from the University of Wisconsin-Madison in business administration and read law at the University of Hong Kong, also obtained the certificate for postgraduate of sustainable development courses of Cambridge University and achieved certification of independent non-executive director qualified by SSE (Shanghai Stock Exchange).

Mr. Yu Shunkun, born in May 1963, has been an independent non-executive Director since he joined the Company in March 2015. Mr. Yu holds a doctorate in management from the School of Economics and Management of North China Electric Power University. He has been a professor and doctoral supervisor with the School of Economics and Management of North China Electric Power University since July 1991. From September 1983 to July 1991, Mr. Yu was a teacher with the Department of Business Administration of Communication University of China. Being long engaged in the teaching administration in human resources management major, Mr. Yu was one of the “First Batch Trans-century Academic Leader Candidates of the Electric Power Ministry of China” (電力部首批跨世紀學術帶頭人培養對象) and “Excellent Backbone Youth Teachers of Beijing” (北京市優秀青年骨幹教師). Mr. Yu has a considerable academic standing and influence in his expertise filed and holds various social positions, mainly including: the visiting professor of various universities such as Tsinghua University, Peking University and Zhejiang University and visiting research fellow of Chinese Academy of Personnel Science (中國人事科學研究院客座研究員).



Profile of Directors, Supervisors and Senior Management (Continued)

IV. SUPERVISORS

Mr. He Hua, born in May 1957, has been the chairman of the Supervisory Committee of the Company since June 2014 and the director of the Audit Department of China Datang Corporation since December 2013. Mr. He served as the secretary of party leadership group and the deputy general manager from March 2012 to December 2013 and the secretary of general branch of committee of Communist Party of China and deputy general manager of China Datang Financial Co., Ltd. (中國大唐集團財務有限公司) from December 2005 to March 2012. He served as the chief accountant of Center China Grid Co., Ltd. (華中電網有限公司) from June 2004 to December 2005 and the chief auditor of the State Grid Henan Electric Power Company (河南省電力公司) from December 2001 to June 2004. From November 1996 to December 2001, he took a post in the Audit Department and served as the director of the Audit Division III of State Power Corporation (國家電力公司). From February 1989 to November 1996, he served as the director of the economic management department and planning and finance department and the chief accountant of Changsha Electric Power Bureau of Hunan Province (湖南省長沙電業局). Mr. He obtained his master degree from graduate school of Chinese Academy of Sciences. He is currently a senior accountant (高級工程師) (a senior title for professional and technical qualification in accounting industry in the PRC).

Mr. Tong Guofu, born in October 1968, has been a Supervisor since he joined the Company in October 2014 and the director of the financial management department of Datang Jilin Power Generation Company Limited since January 2015. Mr. Tong served as the vice director of the financial and property management department of Datang Jilin Power Generation Company Limited from January 2014 to January 2015. Mr. Tong successively served as manager and senior manager of the financial department of Datang Jilin Power Generation Company Limited, chief accountant of Datang Changchun No. 2 Co-generation Power Co., Ltd., chief accountant of Preparation Team of Datang Changchun No. 3 Co-generation Power Plant, chief accountant of Datang Changchun No. 3 Co-generation Power Plant, vice president and chief financial officer of Datang Jilin Wind Power Generation Co., Ltd. as well as vice director of Preparation Team of Datang Songyuan Power Generation Project from January 2005 to January 2014. Mr. Tong graduated from Changsha Normal College of Hydraulic and Electric Engineering with a bachelor's degree of of economics in Accounting and currently is a senior accountant (高級會計師) (a senior title for professional and technical qualification in accounting industry in China).

Profile of Directors, Supervisors and Senior Management *(Continued)*

Mr. Chen Weiqing, born in January 1977, has been the Employee Representative Supervisor of the Company since December 2015, and a Party committee member as well as head of the Party discipline inspection team of the Company since October 2015. He was the deputy chief economist of the company and general manager of the Datang Corporation Renewable Power Co., Ltd. in Shandong Province from October 2014 to October 2015. From March 2009 to October 2014, Mr. Chen successively served as vice director and director of the financial and property management department, director of planning and investment financing department, deputy chief economist and director of Datang Shandong Wind Power Generation Co., Ltd.. Mr. Chen served as vice general manager as well as member of the Party committee of Shandong Huangdao Power Corporation from February 2008 to March 2009. Mr. Chen successively served as operator of the work shop, secretary and vice director of the office, vice director of the office and general duty office, director of the administrative office, vice director of the factory as well as director of the office, and vice director of the factory of Huangdao Power Plant from August 1999 to February 2008. Mr. Chen obtained his bachelor of business administration degree from Harbin Institute of Technology. He is currently an engineer.

V. SENIOR MANAGEMENT

Ms. Mi Keyan, born in April 1966, joined the Company in December 2013. She was the Secretary of Party Committee and the Vice President of the Company from December 2015 to date. She served as the Employee Representative Supervisor of the Company from June 2014 to December 2015. She has been a Party committee member and leader of discipline inspection team of the Company from February 2015 to October 2015. She was a Party committee member and leader of discipline inspection team of the Party committee and chairman of the Trade Union of the Company from December 2013 to February 2015. She was a Party committee member and leader of discipline inspection team and chairman of the Trade Union of Datang Environmental Technology & Engineering Company Limited (大唐環境科技工程有限公司) from December 2005 to December 2013, and assistant to the President of Datang Environmental Technology & Engineering Company Limited from January to December 2005. From January 2003 to January 2005, she successively served as the deputy director (in charge of work) and director of the Supervision Division II of the Supervision Department of China Datang Group Corporation. From July 1996 to January 2003, she was the director of Office II of the discipline inspection team (Supervision Division) of Huabei Electric Power Group. Ms. Mi graduated from Chongqing University with a degree of bachelor of engineering in Power System and Automation in July 1988 and is a senior political officer (高級政工師) (a senior title of qualification of specialty and technology for political science professionals in the PRC).



Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Jiao Jianqing, born in May 1963, has been a Party committee member and the Vice President of the Company since February 2013. Mr. Jiao has been a Party committee member and the vice president of Shanxi Branch of China Datang Corporation from April 2008 to January 2014, director of the Equipment Management Division of the Operation Safety Department of China Datang Corporation from January 2005 to April 2008, vice president of Datang Environmental Technology & Engineering Company Limited from December 2003 to January 2005, deputy director of the Operation Management Division of the Operation Safety Department of China Datang Corporation from January 2003 to December 2003, and vice president and chief engineer of Beijing Jingfeng Thermal Power Co., Ltd. (北京京豐熱電有限責任公司) from June 2001 to January 2003. From July 1995 to June 2001, he successively served as the chief engineer, deputy head and chief engineer of No. 3 Thermal Power Plant of Beijing (北京第三熱電廠). From April 1993 to July 1995, he successively served as the deputy director and deputy chief engineer of the Power Generation Division of Beijing Shijingshan Power Plant (北京石景山發電總廠). Mr. Jiao graduated from Huazhong University of Science and Technology with a degree of bachelor of engineering in Thermal Power in July 1983 and then he obtained a degree of bachelor of science in management from North China Electric Power University. He is a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).

Mr. Hu Guodong is the Vice President of the Company. The biographical details of Mr. Hu are set out on page 98 of this annual report.

Mr. Meng Lingbin, born in April 1962, has been a Vice President since he joined the Company in January 2007, and a Party committee member, vice president and chairman of the Trade Union of the Company since February 2015. Mr. Meng was the Party committee member and Vice President of the Company from January 2007 to February 2015. Prior to joining the Company, Mr. Meng successively worked as deputy chief engineer and chief of Production Department of Electric Power Bureau of Chifeng, the deputy chief of Electric Power Bureau of Chifeng and the vice president of Dongdian Maolin Wind Energy Development Co., Ltd. from April 1998 to January 2007. Mr. Meng graduated in 2002 from Northeast Dianli University with a bachelor degree in Electrical Engineering and Automation. He is an engineer (工程師) (a title of qualification of speciality and technology for engineering professionals in the PRC).

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. Chen Song, born in May 1968, has been a Party committee member and the chief accountant (chief financial officer) of the Company since February 2013. He has been the director of the Financial Department of Datang International Power Generation Co., Ltd. From December 2012 to January 2014, director of Phase II Construction Preparation Department of Honghe Power Company (紅河發電公司) from May 2010 to December 2013, and general manager of Yunnan Datang International Honghe Power Generation Company Limited from November 2009 to December 2013. From November 2006 to November 2009, Mr. Chen successively served as the deputy manager, deputy general manager and deputy director of the Financial Department of Datang International. From December 2004 to November 2006, he successively served as the plant manager assistant, deputy plant manager and chief accountant of Beijing Gao Jing Thermal Power Plant. He served as the chief financial officer of Hebei Huaze Hydropower Development Company Limited from May 2004 to January 2005. From August 2000 to December 2004, Mr. Chen successively served as deputy director of the Funds Division and director of Property Funds Division of the Financial Department of Beijing Datang Power and director of Property Funds Division of the Financial Department of Datang International. Mr. Chen graduated from Xiamen University with a degree of bachelor of economics in Accounting in July 1991. He is a senior accountant (高級會計師) (a senior title of qualification of speciality and technology for accounting professionals in the PRC).

Mr. Zhao Zonglin, born in March 1965, has been the chief engineer of the Company since December 2013. He served as the deputy chief engineer and the director of the Project Management Department of the Company from February 2012 to January 2014, director of the Project Department of the Company from October 2007 to December 2013. From August 1998 to October 2007, he successively worked as the general manager, director of the Production Technology Department, director of the Engineering Department of Construction Division, deputy chief of Construction Division of Nuantong Company under Yuanbaoshan Power Plant (元寶山發電廠暖通公司). From July 1989 to August 1998, he served as an engineer of the Steam Engine Branch, deputy head of Hydropower and Engineering Branch and Chemical Branch under Yuanbaoshan Power Plant. Mr. Zhao graduated from North China Electric Power University with a Master's degree and is a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).

Human Resources



I. PROFILE OF HUMAN RESOURCES

As at 31 December, 2015, the Group has 2,764 employees in total, including 94 employees aged 56 and above, representing 3.4% of the total; 451 employees aged from 46 to 55, representing 16.32%; 733 employees aged from 36 to 45, representing 26.53%; 1,486 employees aged 35 or below, representing 53.75%. Educational background of our employees is as follows:

Table 1. The Group (by educational background)

No.	Category	Number of staff	Proportion (%)
1	Postgraduate and above	129	4.67
2	Undergraduate	1,329	48.06
3	College diploma	1,061	38.4
4	Technical secondary school and below	245	8.87
	Total	2,764	100

II. STAFF IN CENTIVES

Based on its development needs, the Group clearly defined targets for various posts and further established and improved the mechanism of Total Responsibility Management and Whole Staff Performance Assessment System. Through decomposing and assigning tasks in the Group's development plans to each post, establishing performance goals for different positions and performance standards, we could assess each employee's performance of his duties accordingly in an objective and accurate manner, and score each employee based on the quantified assessment results. Incentives and penalties then would be reflected in the performance portion of employees' remuneration. In this way, the Company was able to stimulate employees' potential, arouse their enthusiasm and made clear its approach of stressing on both motivations and regulations, which has laid a solid foundation for staff career development.

Human Resources *(Continued)*

III. STAFF REMUNERATION POLICY

Staff's remuneration comprises of basic salary and performance salary. The performance salary is determined according to the assessment of performance of the whole staff.

IV. STAFF TRAINING

Guided by the concept of "value-based, efficiency-oriented", we actively carried out the plan of building a strong enterprise relying on talents and vigorously worked on building up talents teams in management, technical and skilled personnel. We aim to gradually establish and improve the talents cultivation system with our characteristics through "fostering, selecting, motivating and utilizing" talents, thus enabling the talents to play an important role in the development of the Company.

In 2015, the Group provided 853 training programs on business management, professional techniques and production skills for a total of 19,619 persons/times, with 100% employees attending the training.

V. GUARANTEE OF STAFF RIGHTS

The Group strictly complies with the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China and makes contributions to social insurance and housing provident fund for employees according to these laws, among which the social insurance includes basic pension insurance, medical insurance, occupational injury insurance, unemployment insurance and maternity insurance.

Independent Auditors' Report



To the shareholders of China Datang Corporation Renewable Power Co., Limited
(Established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Datang Corporation Renewable Power Co., Limited (the "Company") and its subsidiaries set out on pages 109 to 245, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with 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.

AUDITORS' RESPONSIBILITY

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

We conducted our audit in accordance with International Standards on Auditing. 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.

Independent Auditors' Report (Continued)

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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue, Central

Hong Kong

25 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
Revenue	4	5,588,265	5,185,960
Other income and other gains, net	5	116,846	230,946
Depreciation and amortisation charges	6	(2,520,664)	(2,361,512)
Employee benefit expenses	6	(416,334)	(405,151)
Material costs		(39,059)	(70,441)
Repairs and maintenance expenses		(137,670)	(96,690)
Service concession construction costs		(247,244)	(7,622)
Other operating expenses		(259,654)	(351,813)
		(3,620,625)	(3,293,229)
Operating profit		2,084,486	2,123,677
Finance income	7	45,716	27,628
Finance expenses	7	(1,984,476)	(2,262,052)
Finance expenses, net	7	(1,938,760)	(2,234,424)
Share of profits and losses of investments in associates and joint ventures	15	9,564	49,085
Profit/(loss) before taxation		155,290	(61,662)
Income tax expense	8	(92,276)	(65,900)
Profit/(loss) for the year		63,014	(127,562)
Profit/(loss) attributable to:			
Owners of the Company		13,711	(150,115)
Non-controlling interests		49,303	22,553
		63,014	(127,562)
Basic and diluted earnings/(loss) per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	9	0.0019	(0.0206)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
Profit/(loss) for the year		<u>63,014</u>	<u>(127,562)</u>
Other comprehensive loss:			
<i>Other comprehensive loss to be reclassified to profit and loss in the subsequent periods</i>			
Currency translation differences		<u>(1,547)</u>	<u>(2,065)</u>
<i>Other comprehensive loss not to be reclassified to profit and loss in the subsequent periods</i>			
Losses arising on revaluation of financial assets at fair value through other comprehensive income	16	<u>(48,602)</u>	<u>(178,802)</u>
Total other comprehensive loss for the year		<u>(50,149)</u>	<u>(180,867)</u>
Total comprehensive income/(loss) for the year		<u>12,865</u>	<u>(308,429)</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		(36,265)	(330,740)
Non-controlling interests		<u>49,130</u>	<u>22,311</u>
		<u>12,865</u>	<u>(308,429)</u>

Consolidated Statement of Financial Position

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	12	52,523,459	48,783,400
Intangible assets	13	812,249	582,387
Land use rights	14	456,285	433,410
Investments in associates and joint ventures	15	660,418	666,854
Financial assets at fair value through other comprehensive income	16	356,640	405,242
Financial assets at fair value through profit or loss		8,900	8,900
Deferred tax assets	17	34,542	37,712
Value-added tax recoverable	18	2,098,913	2,033,101
Prepayments and other receivables	19	254,058	476,076
Total non-current assets		57,205,464	53,427,082
Current assets			
Inventories		48,208	35,253
Trade and bills receivables	20	1,336,866	3,279,040
Prepayments and other receivables	19	1,141,460	828,373
Restricted cash	21	4,725	–
Time deposits	21	–	350,000
Cash and cash equivalents	21	1,077,788	2,190,212
Total current assets		3,609,047	6,682,878
Total assets		60,814,511	60,109,960

Consolidated Statement of Financial Position (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
LIABILITIES			
Current liabilities			
Trade and bills payables	22	1,318,303	433,846
Accruals and other payables	23	5,142,376	4,250,822
Interest-bearing bank and other borrowings	24(b)	10,573,986	6,223,399
Current income tax liabilities		27,632	43,220
Total current liabilities		17,062,297	10,951,287
Net current liabilities		(13,453,250)	(4,268,409)
Non-current liabilities			
Interest-bearing bank and other borrowings	24(a)	29,724,025	35,019,802
Deferred income tax liabilities	17	26,285	29,405
Accruals and other payables	23	422,840	461,185
Total non-current liabilities		30,173,150	35,510,392
Total liabilities		47,235,447	46,461,679
Net assets		13,579,064	13,648,281

Consolidated Statement of Financial Position (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	7,273,701	7,273,701
Share premium	25	2,080,969	2,080,969
Perpetual notes payable	26	1,979,325	1,979,325
Retained earnings		913,443	1,015,732
Other reserves	27	(1,481,976)	(1,431,364)
		<u>10,765,462</u>	<u>10,918,363</u>
Non-controlling interests		<u>2,813,602</u>	<u>2,729,918</u>
Total equity		<u><u>13,579,064</u></u>	<u><u>13,648,281</u></u>

Zhang Chunlei

Director

Chen Song

Chief Financial Officer

Zhang Lingyun

Financial Controller

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital (Note 25)	Share premium (Note 25)	Perpetual notes payable (Note 26)	Retained earnings	Other reserves (Note 27)			
At 1 January 2014	7,273,701	2,080,969	-	1,188,787	(1,251,472)	9,291,985	2,570,961	11,862,946
Comprehensive income for the year								
(Loss)/profit for the year	-	-	-	(150,115)	-	(150,115)	22,553	(127,562)
Other comprehensive loss								
Losses arising on revaluation of financial assets at fair value through other comprehensive income (Note 16)	-	-	-	-	(178,802)	(178,802)	-	(178,802)
Currency translation differences	-	-	-	-	(1,823)	(1,823)	(242)	(2,065)
Total comprehensive income/(loss) for the year	-	-	-	(150,115)	(180,625)	(330,740)	22,311	(308,429)
Capital contributions	-	-	-	-	(2)	(2)	202,185	202,183
Disposal of subsidiaries (Note 33)	-	-	-	-	-	-	(100)	(100)
Share of reserves of investments in associates and joint ventures	-	-	-	-	735	735	-	735
Issuance of perpetual notes payable, net of issuance costs (Note 26)	-	-	1,979,325	-	-	1,979,325	-	1,979,325
Other appropriations	-	-	-	(1,119)	-	(1,119)	(626)	(1,745)
Dividends	-	-	-	(21,821)	-	(21,821)	(64,813)	(86,634)
	-	-	1,979,325	(22,940)	733	1,957,118	136,646	2,093,764
At 31 December 2014	7,273,701	2,080,969	1,979,325	1,015,732	(1,431,364)	10,918,363	2,729,918	13,648,281

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Perpetual notes payable	Retained earnings	Other reserves			
	(Note 25)	(Note 25)	(Note 26)		(Note 27)			
At 1 January 2015	7,273,701	2,080,969	1,979,325	1,015,732	(1,431,364)	10,918,363	2,729,918	13,648,281
Comprehensive income for the year								
Profit for the year	-	-	-	13,711	-	13,711	49,303	63,014
Other comprehensive loss								
Losses arising on revaluation of financial assets at fair value through other comprehensive income (Note 16)	-	-	-	-	(48,602)	(48,602)	-	(48,602)
Currency translation differences	-	-	-	-	(1,374)	(1,374)	(173)	(1,547)
Total comprehensive income/(loss) for the year	-	-	-	13,711	(49,976)	(36,265)	49,130	12,865
Capital contributions	-	-	-	-	-	-	117,807	117,807
Disposal of subsidiaries (Note 33)	-	-	-	-	-	-	(250)	(250)
Acquisition of non-controlling interests	-	-	-	-	(636)	(636)	(9,800)	(10,436)
Appropriation to perpetual notes holders (Note 26)	-	-	-	(116,000)	-	(116,000)	-	(116,000)
Dividends to non-controlling interests	-	-	-	-	-	-	(73,203)	(73,203)
	-	-	-	(116,000)	(636)	(116,636)	34,554	(82,082)
At 31 December 2015	7,273,701	2,080,969	1,979,325	913,443	(1,481,976)	10,765,462	2,813,602	13,579,064

Consolidated Statement of Cash Flows

Year ended 31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
Cash flows generated from operating activities			
Profit/(loss) before income tax		155,290	(61,662)
Adjustments for:			
Depreciation of property, plant and equipment, amortisation of intangible assets, and amortisation of deferred income and deferred losses	6	2,520,664	2,361,512
Loss on disposal of property, plant and equipment	5	232	1,538
Provision for impairment of receivables	19(i)	6,503	36,269
Foreign exchange loss, net		14,406	1,606
Interest income		(42,488)	(26,213)
Interest expense		1,970,070	2,260,446
Share of profits and losses of investments in associates and joint ventures	15	(9,564)	(49,085)
Others, net		595	1,438
Changes in working capital:			
Increase in inventories		(12,955)	(18,368)
Decrease in trade and bills receivables		1,880,899	532,622
Decrease in prepayments and other receivables		102,409	115,374
Increase in restricted cash		(4,725)	–
Increase in trade and bills payables		884,457	29,855
(Decrease)/increase in accruals and other payables		(56,313)	68,107
Cash generated from operations		7,409,480	5,253,439
Interest received		21,797	12,522
Income taxes paid		(71,751)	(72,907)
Net cash generated from operating activities		7,359,526	5,193,054

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
Cash flows from investing activities			
Purchase of property, plant and equipment, land use rights and intangible assets		(5,218,167)	(5,512,583)
Proceeds from disposal of property, plant and equipment		13,019	25,115
Loans to related parties		(200,000)	(30,248)
Loan to a third party		(90,000)	–
Proceeds from repayments of loans and interest earned from related parties		26,897	245,290
Investments in associates and joint ventures		–	(227,119)
Dividends received from financial assets at fair value through other comprehensive income		2,480	3,930
Assets-related government grants received		7,566	17,725
Proceeds from disposal of a subsidiary	33	4,750	–
Collection of receivables from disposal of subsidiaries		19,000	20,300
Decrease/(increase) in time deposits		350,000	(350,000)
Dividends received from associates	15(b)	20,000	–
Others, net		5	72,666
Net cash used in investing activities		(5,064,450)	(5,734,924)

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2015	2014
Cash flows from financing activities			
Cash proceeds from issuance of perpetual notes payable, net of issuance costs		–	1,979,325
Cash proceeds from issuance of short-term bonds, net of issuance costs		4,080,406	1,993,350
Capital contributions from non-controlling interests		117,807	191,895
Proceeds from borrowings		7,626,799	7,190,163
Repayments of borrowings		(10,747,753)	(7,177,728)
Repayments of medium-term notes and short-term bonds		(4,115,078)	–
Loans from related parties		5,514,800	–
Repayments of loans from related parties		(3,313,341)	–
Dividends paid to perpetual notes holders		(116,000)	–
Dividends paid to owners of the Company		–	(21,821)
Dividends paid to non-controlling interests		(196,157)	(55,668)
Interest paid		(2,234,639)	(2,355,054)
Repayments of working capital provided by related parties		(16,000)	(16,000)
Acquisition of non-controlling interests		(7,426)	–
Others		–	3,122
Net cash (used in)/generated from financing activities		(3,406,582)	1,731,584
Net (decrease)/increase in cash and cash equivalents		(1,111,506)	1,189,714
Cash and cash equivalents at beginning of year		2,190,212	1,001,388
Exchange loss on cash and cash equivalents		(918)	(890)
Cash and cash equivalents at end of year	21	<u>1,077,788</u>	<u>2,190,212</u>
Cash and bank balances		<u>1,077,788</u>	<u>2,190,212</u>

Notes to Financial Statements

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

1. CORPORATE INFORMATION

China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源股份有限公司) (the "Company") was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 9 July 2010, as part of the reorganisation of the wind power generation business of China Datang Group Corporation (中國大唐集團公司) ("Datang Corporation"), a limited liability company established in the PRC and controlled by the PRC government. At 31 December 2015, in the opinion of the directors the ultimate holding company of Company is Datang Corporation.

The Company and its subsidiaries (together, the "Group") are principally engaged in generation and sales of wind power and other renewable power.

The address of the Company's registered office is Room 149, Building 1, No. 3, Xijing Road, Badachu Hi-tech Zone of Shijingshan District, Beijing, the PRC.

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in December 2010.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These financial statements are presented in Chinese Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 *Going concern*

As at 31 December 2015, the Group's current liabilities exceeded its current assets by approximately RMB13,453.3 million (31 December 2014: RMB4,268.4 million). The Group meets its day to day working capital requirements from cash generated from its operating activities and available financing facilities from banks. The following is the Group's available sources of funds considered by the directors of the Company:

- The Group's expected net cash inflows from operating activities in 2016;
- Unutilised banking facilities of approximately RMB62,472.7 million (Note 30.1(c)) as at 31 December 2015, of which amounts in aggregate of RMB17,859.0 million are subject to renewal during the next 12 months from the end of reporting period. At the date these financial statements have been approved, directors of the Company were of the opinion that such covenants of unutilised banking facilities have been complied with and are confident that these banking facilities could be renewed upon expiration based on the Group's good credit standing; and
- Other available sources of financing from banks and other financial institutions given the Group's credit history.

The directors of the Company believe that the Group has adequate resources to continue operation and to repay its debts when they fall due for the foreseeable future of not less than 12 months from the end of the reporting period. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and all of its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 Basis of consolidation *(Continued)*

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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any resulting surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except the adoption of the following revised IFRS that are effective from 1 January 2015:

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

The principal effects of adopting these amendments are as follows:

Amendments IAS 19 Defined Benefit Plans: Employee Contributions

The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group.

Notes to Financial Statements (*Continued*)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.2 Changes in accounting policies and disclosures (*Continued*)

Annual Improvements to IFRSs 2010-2012 Cycle

- *IFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
- *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
- *IAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures (Continued)

Annual Improvements to IFRSs 2011-2013 Cycle

- *IFRS 3 Business Combinations*: Clarifies that joint arrangements but not just joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
- *IFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.
- *IAS 40 Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as it does not own any investment properties.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements:

Amendments to IFRS 9 subsequent to IFRS 9 (2009)	<i>Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁶
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment entities: Applying the Consolidation Exception</i> ¹
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
IFRS 14	<i>Regulatory Deferral Accounts</i> ³
IFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to IAS 1	<i>Disclosure Initiative</i> ¹
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of IFRSs</i> ¹
IFRS 16	<i>Leases</i> ⁴
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ⁵
Amendments to IAS 7	<i>Disclosure Initiative</i> ⁵

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁴ Effective for annual periods beginning on or after 1 January 2019

⁵ Effective for annual periods beginning on or after 1 January 2017

⁶ No mandatory effective date is determined but available for early adoption

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

Amendments to IFRS 9 subsequent to IFRS 9 (2009)

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. IFRS 9 introduces a logical model of classification and measurement of financial instruments according to the basis of the entity's business model and the features of the cash flows generated by the financial instruments themselves. Also, it introduces a new and unique impairment model of financial instruments based on the recognition of expected losses of an entity. Furthermore, IFRS 9 clarifies hedge accounting based on a more flexible approach than that set forth in IAS 39. The Group has early adopted IFRS 9 (issued in 2009) in its financial year ended 31 December 2012 on the classification and measurement of financial assets. The Group is currently assessing the impact of subsequent amendments to IFRS 9 upon their adoption.

Amendments to IFRS 10 and IAS 28

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not yet effective International Financial Reporting Standards *(Continued)*

Amendments to IFRS 11

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Amendments to IAS 1

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in IAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and the statement of comprehensive income. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant financial impact on the Group's financial statements.

Notes to Financial Statements (*Continued*)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.3 Issued but not yet effective International Financial Reporting Standards (*Continued*)

Amendments to IAS 16 and IAS 38

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

IFRS 16

IFRS 16 is a new leasing standard, which will replace the current IAS 17 *lease*, which requires lessees to recognise assets and liabilities for most leases. The concept of operating leasing is no longer included. For lessors, there is little change to the existing accounting in IAS 17. The Group expects to adopt IFRS 16 on 1 January 2019.

Amendments to IAS 12

Amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments measured at fair value. IAS 12 provides requirements for the recognition and measurement of current or deferred tax liabilities and assets. The amendments issued clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2017.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Amendments to IAS 7

Amendments to IAS 7 require companies to provide information about changes in their financing liabilities to help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2017.

2.4 Business combination and goodwill

(a) *Common control business combinations*

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

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

The consolidated statement of profit or loss includes profit or loss of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Business combination and goodwill *(Continued)*

(b) Other business combinations

The Group applies the acquisition method to account for business combinations other than common control business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree 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 measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IFRS 9 (2009) either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination and goodwill (Continued)

(b) Other business combinations (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Investments in associates and joint ventures

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

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and 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.

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Group's share of the post-acquisition profit or loss is recognised in profit or loss. Any change in other comprehensive income of those investees is included in the Group's consolidated other comprehensive income. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Investments in associates and joint ventures (Continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as "Share of profits and losses of investments in associates and joint ventures" in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and the proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors and certain senior management (including chief accountant) (together referred to as the "Executive Management") that make strategic decisions.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has a significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Fair value measurement

The Group measures its financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at the end of each reporting period.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Based on quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit and loss within "Finance expenses, net". All other foreign exchange gains and losses are presented in "Other income and other gains, net" in profit or loss.

Translation differences on non-monetary financial assets and liabilities such as financial assets at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as financial assets at fair value through other comprehensive income, are included in other comprehensive income.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Foreign currency translation *(Continued)*

(c) Group companies

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

- (i) assets and liabilities in each statement of financial position presented are translated at the closing rates at the end of the reporting period;
- (ii) income and expenses in each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income. Upon disposal of a foreign operation, the other comprehensive income related to the foreign operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

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

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.10 Property, plant and equipment (including construction in progress)

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Property, plant and equipment (including construction in progress) (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life, as follows:

Buildings	8-30 years
Electricity utility plants	
– Wind turbines	20 years
– Others	5-30 years
Transportation facilities	6 years
Office equipment and others	3-9 years

The assets' depreciation method, residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress ("CIP") represents buildings under construction, and plant and equipment pending for installation, and is stated at cost less any impairment losses. Cost comprises construction expenditures, other expenditures necessary for the purpose of preparing the CIP for its intended use and those borrowing costs incurred before the assets are ready for their intended use that are eligible for capitalisation. CIP is transferred to the appropriate category of property, plant and equipment when the CIP is completed and ready for its intended use.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

(a) *Concession assets*

The Group, as an operator of wind/solar power generation projects under service concession arrangements between the Group and government (the "Grantor"), is responsible for both the projects' construction and its subsequent services in a specified period after the construction. At the end of concession period, the Group is obliged either to hand over the infrastructure to the Grantor in a specified condition or dispose of it. The Group recognises a concession asset, included in 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 accumulated impairment losses. Amortisation of concession assets is charged to profit or loss on a straight-line basis over the term of the arrangement upon the completion of construction.

(b) *Computer software*

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Intangible assets (other than goodwill) *(Continued)*

(c) *Development costs*

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- (i) It is technically feasible to complete the software product so that it will be available for use;
- (ii) Management intends to complete the software product and use or sell it;
- (iii) There is an ability to use or sell the software product;
- (iv) It can be demonstrated how the software product will generate probable future economic benefits;
- (v) Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- (vi) The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed nine years.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Land use rights

Land use rights represent upfront prepayments made for the land use rights and are expensed in profit or loss on a straight-line basis over the terms of the leases. Whenever there is impairment, the impairment is expensed in profit or loss.

2.13 Impairment of non-financial assets

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

Notes to Financial Statements (*Continued*)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.14 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity instruments.

Debt instruments

(i) Financial assets at amortised cost

A debt instrument is classified as “amortised cost” only if both of the following criteria are met: the objective of the Group’s business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt instrument is considered in determining whether the cash flows of the instrument are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

(ii) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as “fair value through profit or loss”. The Group has not designated any debt instrument as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Equity instruments

All equity instruments are measured at fair value. Equity instruments that are held for trading are measured at fair value through profit or loss. For all other equity instruments, the Group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income or profit or loss.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Financial assets *(Continued)*

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present unrealised and realised fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such instruments continue to be recognised in profit or loss as long as they represent a return on instrument.

The Group is required to reclassify all affected debt instruments when and only when its business model for managing those assets changes.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Financial assets *(Continued)*

(c) *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.16 Inventories

Inventories include materials and spare parts for maintenance, which are stated at the lower of cost and net realisable value. Cost is determined using moving weighted average method. Costs of inventories include direct material cost and transportation expenses incurred in bringing them to the working locations. Net realisable value is the estimated selling price in the ordinary course of business, less the selling expenses.

2.17 Trade and bills receivables and other receivables

Trade and bills receivables and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of these receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and bills receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments (including time deposits) with original maturities of three months or less. Bank overdrafts, if any, are shown as borrowings in current liabilities in the consolidated statement of financial position.

Time deposits and other cash investments with original maturities of more than three months are excluded from cash and cash equivalents.

2.19 Trade and bills payables and other payables

Payables primarily include trade and bills payable and other payables, etc. and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Payables are classified as current liabilities if they are due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.20 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan facilities to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are classified as current liabilities unless the Group have contractual or an unconditional right to defer settlement of the liability for at least 12 months after the end of each reporting period.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Borrowing costs

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

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

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

2.22 Taxation

(a) *Current and deferred income tax*

The income tax expense for the period comprises current and deferred income tax. Share of income tax expense of associates and joint ventures are included in "Share of profits and losses of investments in associates and joint ventures". Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Taxation *(Continued)*

(a) *Current and deferred income tax (Continued)*

(ii) Deferred income tax

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

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Taxation *(Continued)*

(a) *Current and deferred income tax (Continued)*

(iii) Offsetting

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

(b) *Value-added taxation ("VAT")*

Sales of goods and provision of certain services of the Group are subjected to VAT. VAT payable is determined by applying 6% to 17% on the taxable revenue arising from sales of goods or provision of certain services after offsetting deductible input VAT of the period.

Pursuant to Cai Shui [2008]156 and Cai Shui [2015]74 issued by the Ministry of Finance and State Administration of Taxation, wind power generation plants are entitled to a 50% refund of the VAT levied on electricity generated, which is recognised as government grant when it is received.

Pursuant to Cai Shui [2013]66 issued by the Ministry of Finance and State Administration of Taxation, solar power generation plants are entitled to a 50% refund of the VAT levied on electricity generated during 1 October 2013 to 31 December 2015, which is recognised as government grants when it is received.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Employee benefits

(a) *Pension and other social obligations*

The Group have various defined contribution plans in accordance with the local conditions and practices in the municipalities and provinces in which they operate. Defined contribution plans are pension and/or other social benefit plans under which the Group pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognised as labour costs when they are incurred.

(b) *Housing benefits*

The Group contributes to the state-prescribed housing fund. Such costs are charged to profit or loss as incurred. Apart from those described above, the Group do not have other legal or constructive obligations over such benefits.

2.24 Contingencies

Contingent liabilities are recognised in the consolidated financial statements when it is probable that a liability will be recognised. Where no provision is recorded, they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements unless virtually certain but it should be disclosed when an inflow of economic benefits is probable.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Provisions

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

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

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

2.26 Perpetual securities

Perpetual securities are classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any interests and distributions are discretionary. Interests and distributions on perpetual securities classified as equity are recognised as distributions within equity.

Notes to Financial Statements (*Continued*)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Sales of electricity*

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

(b) *Revenue under service concession arrangement*

The Group, through certain subsidiaries, entered into service concession agreements with the Grantor to construct and operate wind/solar power plants during a concession period. The Group is responsible for construction and maintenance of the power plants during the concession period. At the end of the concession period, the Group either needs to dispose of the power plants or transfer them to the Grantor at nil consideration. The Group has recognised intangible assets in relation to the service concession arrangements representing the right the Group receives to charge a fee for sales of electricity.

Revenue relating to construction services under service concession arrangements is recognised based on the stage of completion of the work performed. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one type of service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(c) *Revenue from the provision of other services*

The Group provides certain energy performance service, repairs and maintenance, and other services to external wind farms and recognises the related revenue in the period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

(d) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

2.28 Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.29 Dividend income

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

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 Government grants

Government grants are recognised when the Group fulfils the conditions attached to them and there is reasonable assurance that the grant will be received. When the government grant is in the form of monetary assets, it is measured at the actual amount received. When the grant is provided based on a pre-determined rate, it is measured at the fair value of the amount receivable.

Asset-related government grants are recognised when the government document designates that the government grants are used for constructing or forming long-term assets. If the government document is inexplicit, the Company should make a judgement based on the basic conditions to obtain the government grants, and recognises them as asset-related government grants if the conditions are constructing or forming long-term assets. Otherwise, the government grants should be income-related.

Asset-related government grants are recognised as deferred income and are amortised evenly in profit or loss over the useful lives of the related assets.

Income-related government grants that are used to compensate subsequent related expenses or losses of the Group are recognised as deferred income and recorded in profit or loss when the related expenses or losses are incurred. When the grant used to compensate expenses or losses that were already incurred, they are directly recognised in profit or loss for the current period.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Clean Development Mechanism (“CDM”) Projects

The Group sells carbon credits known as Certified Emission Reductions (“CERs”), generated from the wind farms and other renewable energy facilities which have been registered as CDM projects with CDM Executive Board of the United Nations under the Kyoto Protocol. Income in relation to the CERs is recognised, after taking into account of any estimated discrepancy between the volumes of electricity transmitted and certified, when following conditions are met:

- (i) CDM projects have received the approval from National Development and Reform Committee (“NDRC”) and have been approved by the United Nations as registered CDM projects;
- (ii) the counterparties have committed to purchases the CERs and prices have been agreed; and
- (iii) the relevant electricity has been generated.

CERs is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.32 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.32 Leases *(Continued)*

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

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance costs is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to as the "actuarial method". The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in finance lease.

2.33 Dividend distribution

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

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern

As disclosed in Note 2.1.1, the ability of the Group to continue as going concern basis is dependent upon the availability of the banking facilities in order to meet its day to day working capital requirements and its liabilities as they fall due. In the event the Group is unable to obtain adequate funding, there is uncertainty as to whether the Group will be able to continue as a going concern. These consolidated statements of financial position do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Group be unable to continue as a going concern.

(b) Useful lives of property, plant and equipment

Management of the Group determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on wind turbine and related equipment. Management will adjust the estimated useful lives where useful lives vary with previously estimated useful lives. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require material adjustments to the carrying amount of property, plant and equipment.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Impairment of property, plant and equipment

The Group perform impairment test on property, plant and equipment whenever any impairment indication exists. In accordance with Note 2.13, impairment is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. Certain of the Group's wind and energy management projects which are under development or construction stages, are currently suspended. These projects are affected by the project approvals from governmental authorities, the progress of grid connection system which transmits electricity from power generation companies, future market demand on wind electricity in its region, and the operating results of wind farms in certain regions are subject to transmission limitations. The ready for use of grid connection system upon completion, the expected progress and development of those suspended projects and the utilisation efficiency are critical estimates of the Company's directors. The estimation based on existing experience may be different from the result of the next financial year and may lead to material adjustments to the carrying amount of property, plant and equipment against profit or loss.

(d) Recoverability of CDM assets

The Group reviews its CDM assets to assess impairment on a periodic basis, unless known circumstances indicate that impairment may have occurred as of an interim date. The Group makes judgements and assumptions in determining whether an impairment loss should be recorded in profit or loss. These allowances reflect the difference between the carrying amount of the CDM assets and the present value of estimated future cash flows. Factors affecting this estimate include, among other things, the credit status and financial conditions and reputation of the debtors, history of payments by the debtors (e.g. payment delinquency or default) and the enforceability of the underlying contracts. The effect of these factors requires significant judgement to be applied in the estimation of future recoverable amounts. The Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from CDM assets/receivables. It is reasonably possible that if there is a significant change in circumstances including the Group's business in relation to CDM projects and the external environment, the financial performance within the next financial year would be significantly affected.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) The control assessment of Shanghai Dong Hai

The Group regards Shanghai Dong Hai Wind Power Generation Co., Ltd. (“Shanghai Dong Hai”) (details of which are included in Note 31) as a subsidiary. In determining whether the Group has control over this entity, the Group has taken into account its power through contractual arrangements with other shareholders of Shanghai Dong Hai over its financial and operating policies. In the opinion of the Company’s directors, the Group has control over Shanghai Dong Hai even if the Group holds less than a majority of its equity interest.

(f) Income tax and business tax

The Group pays income tax and business tax in various regions. There can be various uncertainties on the ultimate income tax and business tax treatments for many transactions and events arising from normal operating activities, overall assets transfers, corporate restructuring and preferential tax treatments granted by the tax authorities. The Group has to make critical accounting judgments when calculating income tax and business tax expense at different regions. In the event that the finalised amounts recognised for such tax events are different from those originally recorded, this could result in material adjustments to business tax expense, current income tax expense and deferred income tax expense.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

	Year ended 31 December	
	2015	2014
Sales of electricity	5,263,987	5,131,501
Provision of services under energy performance contracts	36,629	43,855
Provision of services under concession arrangements	247,244	7,622
Other revenues (Note)	40,405	2,982
	<u>5,588,265</u>	<u>5,185,960</u>

Note:

Other revenues mainly represented rental income from power plant facilities and repair and maintenance service.

(b) Segment information

Management has determined the operating segments based on the information reviewed by the Executive Management for the purposes of allocating resources and assessing performance.

The Executive Management considers the performance of all businesses on consolidated basis as all other renewable power businesses except wind power business were relatively insignificant for the years ended 31 December 2015 and 2014. Therefore, the Group has one single reportable segment which is wind power segment.

The Company is domiciled in the PRC. During the year ended 31 December 2015, substantially all (2014: substantially all) the Group's revenue were derived from external customers in the PRC.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

At 31 December 2015, substantially all (2014: substantially all) the non-current assets were located in the PRC.

For the year ended 31 December 2015, all (2014: all) revenue from the sales of electricity was charged to the provincial power grid companies in which the Group companies are operated. These power grid companies are directly or indirectly owned or controlled by the PRC government.

5. OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2015	2014
Income/(loss) from CDM Projects:		
– Income during the year	3,784	6,619
– Foreign exchange losses, net	(1,483)	(28,430)
– Provision for impairment of receivables	(6,503)	(36,269)
	<u>(4,202)</u>	<u>(58,080)</u>
Government grants	104,558	153,688
Dividend from financial assets at fair value through other comprehensive income	2,480	4,361
Compensation from a wind turbine supplier (Note)	20,545	121,184
Loss on disposal of property, plant and equipment	(232)	(1,538)
Others	(6,303)	11,331
	<u>116,846</u>	<u>230,946</u>

Note:

Compensation from a wind turbine supplier represented compensation for revenue losses incurred mainly due to the delays of provision of maintenance services, including poor conditions of spare parts, during the period within the relevant manufacturer warranty period.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

6. PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2015	2014
Employee benefit expenses		
– salaries and staff welfares	374,885	344,449
– retirement benefits-defined contribution plans (Note (i))	68,464	66,226
– staff housing benefits (Note (ii))	29,399	27,389
– other staff costs	60,309	79,952
	533,057	518,016
Less: Employee benefit expenses capitalised in property, plant and equipment and intangible assets	(116,723)	(112,865)
	416,334	405,151
Depreciation of property, plant and equipment (Note 12)	2,500,643	2,343,420
Amortisation of intangible assets and land use rights (Note 13 and Note 14)	31,338	29,409
Amortisation of deferred income and deferred loss	(11,317)	(11,317)
Auditors' remuneration		
– audit and audit related services	6,600	11,300
– non-audit services	130	350
Provision for impairment of receivables (Note 19(i))	6,503	36,269
Operating lease expenses	20,334	23,599

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

6. PROFIT/(LOSS) BEFORE INCOME TAX (Continued)

Notes:

(i) Retirement benefits

The Group is required to make specific contributions to the state-sponsored retirement plan at rates of 14% to 20% (2014: 18% to 20%) of the specified salaries of the employees in the PRC. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group has implemented a supplementary defined contribution retirement scheme in accordance with Datang Corporation's policy. Under this scheme, the Group is required to make a specified contribution at rates of 4% to 5% (2014: 5%) of total salaries for qualified employees. These employees will receive the total contributions and any returns thereon upon their retirements.

(ii) Housing fund

In accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-sponsored housing fund at a rate of 12% (2014: 12%) of the specified salaries of the employees in the PRC. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

7. FINANCE INCOME/FINANCE COSTS

An analysis of finance income/finance costs are as follows:

	Year ended 31 December	
	2015	2014
Finance income		
Interest income on deposits with banks and other financial institutions	21,797	13,199
Interest income on loans	20,691	13,014
Interest income from finance lease receivables	3,228	1,415
	<u>45,716</u>	<u>27,628</u>
Finance expenses		
Interest expenses	(2,224,535)	(2,370,514)
Less: Interest expenses capitalised in property, plant and equipment and intangible assets	254,465	110,068
	<u>(1,970,070)</u>	<u>(2,260,446)</u>
Foreign exchange losses, net	(14,406)	(1,606)
	<u>(1,984,476)</u>	<u>(2,262,052)</u>
Finance expenses, net	<u>(1,938,760)</u>	<u>(2,234,424)</u>
Interest capitalisation rate	<u>4.17% to 5.55%</u>	<u>5.37% to 6.64%</u>

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
Current tax		
PRC enterprise income tax	87,999	64,987
Under provision for prior years	4,227	5,037
	<u>92,226</u>	<u>70,024</u>
Deferred tax		
Recognition/(reversal) of temporary differences	50	(4,124)
	<u>50</u>	<u>(4,124)</u>
Income tax expense	<u>92,276</u>	<u>65,900</u>

For the year ended 31 December 2015, except for certain subsidiaries established in the PRC which were exempted or entitled to preferential rates of 7.5% to 15% (2014: 7.5% to 15%), all other subsidiaries established in the PRC were subjected to income tax rate of 25% (2014: 25%). Tax on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the counties in which the Group operates.

For the year ended 31 December 2015, the associates and joint ventures were subjected to income tax rate of 25% (2014: 25%), and the share of income tax expense of associates and joint ventures of nil (2014: Nil) and RMB2.4 million (2014: RMB12.3 million) respectively, was included in "Share of profits and losses of investments in associates and joint ventures".

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INCOME TAX EXPENSE (Continued)

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

	Year ended 31 December	
	2015	2014
Profit/(loss) before taxation	155,290	(61,662)
Taxation calculated at the statutory tax rate	38,822	(22,320)
Income tax effects of:		
– Preferential income tax treatments	(84,067)	(72,628)
– Income not subject to tax	(2,054)	(7,067)
– Expenses not deductible for tax purpose	3,657	767
– Tax losses and temporary differences for which no deferred income tax asset was recognised	134,544	162,680
– Utilisation of previously unrecognised tax losses and temporary differences	(2,853)	(569)
– Under provision for prior years	4,227	5,037
	<u>92,276</u>	<u>65,900</u>
Weighted average effective income tax rate	<u>59%</u>	<u>-107%</u>

The changes in weighted average effective income tax rate were primarily caused by certain tax losses for which no deferred income tax assets were recognised.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic

The basic earnings and loss per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares in issue during the year.

	Year ended 31 December	
	2015	2014
Profit/(loss) attributable to owners of the Company	13,711	(150,115)
Weighted average number of ordinary shares in issue (thousands of shares)	7,273,701	7,273,701
Basic earnings/(loss) per share (RMB)	0.0019	(0.0206)

(b) Diluted

Diluted earnings and loss per share amounts for the years ended 31 December 2015 and 2014 were the same as the basic earnings and loss per share amounts as there were no dilutive potential shares.

10. DIVIDENDS

The dividend paid by the Company in 2015 was nil (2014: RMB21.8 million, RMB0.003 per share).

The board of directors did not recommend any payment of final dividend for the years ended 31 December 2015 and 2014.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' and supervisors' remuneration

The aggregate amount of remuneration payables to directors and supervisors of the Company during the year is as follows:

	Year ended 31 December	
	2015	2014
Fees	600	150
Other emoluments:		
Salaries, allowances and benefits in kind	1,014	1,248
Discretionary bonuses	693	943
Pension scheme contributions	140	160
	1,847	2,351
	2,447	2,501

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' and supervisors' remuneration (Continued)

The remuneration of each director and supervisor of the Company is set out below:

	For the year ended 31 December 2015				Total
	Fees	Salaries allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	
Executive directors					
– Mr. Zhang Chunlei (張春雷) (Note (i))	–	310	–	41	351
– Mr. Hu Yongsheng (胡永生) (Note (ii))	–	28	255	3	286
– Mr. Hu Guodong (胡國棟)	–	310	205	44	559
Non-executive directors					
– Mr. Wang Yeping (王野平)*	–	–	–	–	–
– Mr. Kou Bing'en (寇炳恩)*	–	–	–	–	–
– Mr. An Hongguang (安洪光)* (Note (iii))	–	–	–	–	–
– Mr. Guo Shuping (果樹平)*	–	–	–	–	–
Independent non-executive directors					
– Mr. Liu Chaoan (劉朝安)	200	–	–	–	200
– Mr. Lo Mun Lam (盧敏霖)	200	–	–	–	200
– Mr. Yu Shunkun (余順坤) (Note (iv))	200	–	–	–	200
Supervisors					
– Mr. He Hua (賀華)*	–	–	–	–	–
– Mr. Tong Guofu (佟國福)*	–	–	–	–	–
– Mr. Chen Weiqing (陳偉慶)* (Note (v))	–	52	–	8	60
– Ms. Mi Keyan (米克豔) (Note (vi))	–	314	233	44	591
	600	1,014	693	140	2,447

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(a) Directors' and supervisors' remuneration *(Continued)*

Notes:

- (i) Mr. Zhang Chunlei is also the chief executive of the Company, who has been appointed as an executive director of the Company with effect from 6 January 2015, and subsequently resigned as a non-executive director of the Company. Mr. Zhang Chunlei has been appointed as the vice-president of the board of director of the Company with effect from 4 March 2015.
- (ii) Mr. Hu Yongsheng has resigned as an executive director of the Company with effect from 27 March 2015.
- (iii) Mr. An Hongguang has been appointed as a non-executive director of the Company with effect from 27 March 2015.
- (iv) Mr. Yu Shunkun has been appointed as an independent non-executive director of the Company with effect from 27 March 2015.
- (v) Mr. Chen Weiqing has been appointed as a supervisor of the Company with effect from 17 December 2015.
- (vi) Ms. Mi Keyan has resigned as a supervisor of the Company with effect from 17 December 2015.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' and supervisors' remuneration (Continued)

	For the year ended 31 December 2014				Total
	Fees	Salaries allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	
Executive directors					
– Mr. Hu Yongsheng (胡永生) (Note (i))	–	332	345	40	717
– Mr. Hu Guodong (胡國棟)	–	305	279	40	624
Non-executive Directors					
– Mr. Wu Jing (吳靜)* (Note (ii))	–	–	–	–	–
– Mr. Su Min (蘇民)* (Note (iii))	–	–	–	–	–
– Mr. Wang Yeping (王野平)*	–	–	–	–	–
– Mr. Kou Bing'en (寇炳恩)*	–	–	–	–	–
– Mr. Zhang Chunlei (張春雷) (Note (v))	–	–	–	–	–
– Mr. Guo Shuping (果樹平)* (Note (vii))	–	–	–	–	–
Independent non-executive directors					
– Mr. Liu Chaoan (劉朝安)	50	–	–	–	50
– Mr. Lo Mun Lam (盧敏霖)	50	–	–	–	50
– Mr. Ma Zhizhong (馬治中) (Note (iv))	50	–	–	–	50
Supervisors					
– Mr. Wang Guoping (王國平)* (Note (ii))	–	–	–	–	–
– Mr. Zhang Xiaochun (張小春)* (Note (ii))	–	–	–	–	–
– Mr. Dong Jianhua (董建華) (Note (ii))	–	307	319	40	666
– Mr. He Hua (賀華)* (Note (v))	–	–	–	–	–
– Mr. Guo Shuping (果樹平)* (Note (vii))	–	–	–	–	–
– Ms. Mi Keyan (米克豔) (Note (v))	–	304	–	40	344
– Mr. Tong Guofu (佟國福)* (Note (vi))	–	–	–	–	–
	150	1,248	943	160	2,501

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(a) Directors' and supervisors' remuneration *(Continued)*

Notes:

- (i) Mr. Hu Yongsheng is also the chief executive of the Company.
- (ii) These directors and supervisors have resigned as directors and supervisors of the Company with effect from 6 June 2014.
- (iii) Mr. Su Min has resigned as a director of the Company with effect from 10 October 2014.
- (iv) Mr. Ma Zhizhong has resigned as an independent non-executive director of the Company with effect from 5 November 2014.
- (v) These director and supervisors have been appointed as a non-executive director or supervisors of the Company with effect from 6 June 2014.
- (vi) Mr. Tong Guofu has been appointed as a supervisor of the Company with effect from 10 October 2014.
- (vii) Mr. Guo Shuping was appointed as a supervisor of the Company with effect from 6 June 2014, subsequently resigned as a supervisor of the Company and has been appointed as a non-executive director of the Company with effect from 10 October 2014.
- * These directors and supervisors of the Company receive emoluments from Datang Corporation. No apportionment of emoluments for their services to the Group has been made as the directors consider that it is impracticable to apportion these amounts between their services to the Group and their services to Datang Corporation.

During the year ended 31 December 2015, no emoluments were paid by the Group to any director or supervisor as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil); and no director or supervisor waived or agreed to waive any emoluments (2014: Nil).

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(b) Five highest paid individuals

The numbers of directors and supervisors and non-director/supervisor employees included in the five highest paid individuals for the year ended 31 December 2015 are set forth below:

	Year ended 31 December	
	2015	2014
Directors or supervisors	1	3
Non-director or supervisor employees	4	2
	<u>5</u>	<u>5</u>

The emoluments of the directors and supervisors are disclosed in Note 11(a). The aggregate of the emoluments in respect of the remaining highest paid individuals is as follows:

	Year ended 31 December	
	2015	2014
Salaries and other emoluments	1,237	610
Discretionary bonuses	919	599
Retirement benefits – defined contribution plans	176	79
	<u>2,332</u>	<u>1,288</u>

The emoluments of the five highest paid individuals are within the following band:

	Number of individuals	
	2015	2014
Nil to HKD1,000,000	<u>5</u>	<u>5</u>

During the year ended 31 December 2015, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Others	Construction in progress	Total
			(Note)		
Year ended 31 December 2015					
Opening net carrying amount	1,991,866	37,559,205	138,100	9,094,229	48,783,400
Additions	–	20,593	17,776	6,358,201	6,396,570
Transfer and reclassification	447,324	6,108,230	23,509	(6,622,784)	(43,721)
Deemed disposal of subsidiaries	–	–	(16)	(17,881)	(17,897)
Other disposals	(5,609)	(39,967)	(447)	(45,632)	(91,655)
Depreciation	(86,890)	(2,378,265)	(38,083)	–	(2,503,238)
Closing net carrying amount	2,346,691	41,269,796	140,839	8,766,133	52,523,459
As at 31 December 2015					
Cost	2,763,881	52,476,591	342,843	8,766,133	64,349,448
Accumulated depreciation	(417,190)	(11,206,795)	(202,004)	–	(11,825,989)
Net carrying amount	2,346,691	41,269,796	140,839	8,766,133	52,523,459
Year ended 31 December 2014					
Opening net carrying amount	1,889,471	37,910,572	161,938	5,704,794	45,666,775
Additions	63,137	26,142	3,203	5,427,818	5,520,300
Transfer and reclassification	132,592	1,874,640	2,308	(2,009,540)	–
Deemed disposal of subsidiaries	–	(61)	(848)	(20,214)	(21,123)
Other disposals	(2,788)	(15,135)	(101)	(8,629)	(26,653)
Depreciation	(90,546)	(2,236,953)	(28,400)	–	(2,355,899)
Closing net carrying amount	1,991,866	37,559,205	138,100	9,094,229	48,783,400
As at 31 December 2014					
Cost	2,322,297	46,390,516	305,137	9,094,229	58,112,179
Accumulated depreciation	(330,431)	(8,831,311)	(167,037)	–	(9,328,779)
Net carrying amount	1,991,866	37,559,205	138,100	9,094,229	48,783,400

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Note:

Other property, plant and equipment represents transportation facilities, office equipment and other property, plant and equipment held by the Group.

For the year ended 31 December 2015, depreciation expense is analysed as follows:

	2015	2014
Depreciation expense recognised in profit or loss (Note 6)	2,500,643	2,343,420
Capitalisation as construction in progress	2,595	12,479
	<u>2,503,238</u>	<u>2,355,899</u>

At 31 December 2015, certain property, plant and equipment with cost and accumulated depreciation amounting to RMB1,333.6 million (2014: RMB1,333.6 million) and RMB252.9 million (2014: RMB104.5 million), respectively, were under the finance lease framework agreement as set out in Note 24(a)(ii).

At 31 December 2015, certain property, plant and equipment were pledged as security for long-term loans and other loans of the Group (Note 24(c)).

Impairment tests for property, plant and equipment

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each CGU. The CGU is an individual plant or entity. The carrying value of these individual plants or entities was compared to the recoverable amount of the CGUs, which was based predominantly on value-in-use. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 3-year period are extrapolated using the same cash flow of the third year. Other key assumptions applied in the impairment tests include the expected electricity volume, demand for the electricity, cost and related expenses etc. Management determined that these key assumptions were based on past performance and their expectations on market development. Further, the Group adopts a pre-tax rate of 9.3% (2014: 9.4%) that reflects specific risks related to CGUs as discount rate.

For the year ended 31 December 2015, no impairment losses were provided for property, plant and equipment of the Group (2014: Nil).

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

13. INTANGIBLE ASSETS

	Goodwill	Concession assets	Computer and software	Technologies and tools	Total
	(Note (iii))	(Note (i))		(Note (ii))	
Year ended 31 December 2015					
Opening net carrying amount	58,055	501,135	19,800	3,397	582,387
Additions	–	247,244	4,006	86	251,336
Transferred from CIP	–	–	589	–	589
Other disposals	–	–	(1)	–	(1)
Amortisation charges	–	(15,281)	(6,781)	–	(22,062)
Closing net carrying amount	58,055	733,098	17,613	3,483	812,249
As at 31 December 2015					
Cost	58,055	839,409	46,583	3,483	947,530
Accumulated amortisation	–	(106,311)	(28,970)	–	(135,281)
Net carrying amount	58,055	733,098	17,613	3,483	812,249
Year ended 31 December 2014					
Opening net carrying amount	58,055	508,834	20,872	1,510	589,271
Additions	–	7,622	5,134	1,887	14,643
Deemed disposal of subsidiaries	–	–	(23)	–	(23)
Amortisation charges	–	(15,321)	(6,183)	–	(21,504)
Closing net carrying amount	58,055	501,135	19,800	3,397	582,387
As at 31 December 2014					
Cost	58,055	592,165	41,988	3,397	695,605
Accumulated amortisation	–	(91,030)	(22,188)	–	(113,218)
Net carrying amount	58,055	501,135	19,800	3,397	582,387

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

13. INTANGIBLE ASSETS (Continued)

Notes:

- (i) Concession assets represent the rights the Group obtained for the usage of the concessions in relation to wind/solar power plants for the generation of electricity (Note 2.11(a)). The Group recognised the intangible assets at the fair value of the concession construction service. The concession assets are amortised over the original contracted operating period of the relevant service concession projects of 25 years.
- (ii) At 31 December 2015, technologies and tools represented internal generated technologies and tools pertaining to certain wind farm performance optimisation technology amounting to RMB3.5 million (2014: RMB3.4 million).
- (iii) Impairment test for goodwill

The Group allocates goodwill to cash-generating units (“CGU”) that are determined by different operating entities. The Group completed its annual impairment test for goodwill allocated to the respective CGU by comparing their recoverable amounts to their carrying amounts as at the reporting date.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period with a terminal value related to the future earnings potential of the CGU beyond the next five years. Future cash flows are discounted at the rate of 9.3% (2014: 9.4%). The estimated growth rates adopted do not exceed the long-term average growth rates for the businesses in which the CGU operates. Other key assumptions include expected tariff rates and demands of electricity in specific locations where these power plants are located. Management determined these assumptions based on the existing production capacity of the related power plants and adopted pre-tax interest rate that can reflect specific risk of the CGU as the discount rate.

Based on the assessments, the directors of the Company concluded that there has been no impairment on the goodwill of the Group as at 31 December 2015 (2014: Nil).

For the year ended 31 December 2015, the amortisation expense is analysed as follows:

	2015	2014
Amortisation charges recognised in profit or loss (Note 6)	21,500	20,902
Capitalisation as construction in progress	562	602
	<u>22,062</u>	<u>21,504</u>

At 31 December 2015 and 2014, certain concession assets were pledged as security for long-term bank loans and other loans of the Group (Note 24(c)).

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

14. LAND USE RIGHTS

Land use rights represent prepayments made by the Group for the land located in the PRC which is held on leases between 10 years to 50 years.

The movements during the years presented are as follows:

	Year ended 31 December	
	2015	2014
At 1 January	433,410	379,223
Additions	1,308	63,318
Reclassification	(11,727)	–
Transferred from CIP	43,132	–
Amortisation charges	(9,838)	(9,131)
At 31 December	<u>456,285</u>	<u>433,410</u>

Amortisation charges for the year ended 31 December 2015 is analysed as follows:

	2015	2014
Amortisation charges recognised in profit or loss (Note 6)	9,838	8,507
Capitalisation as construction in progress	–	624
	<u>9,838</u>	<u>9,131</u>

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) Investments in joint ventures

Movements in investments in joint ventures are as follows:

	Year ended 31 December	
	2015	2014
As at 1 January	85,819	52,726
Capital injections	–	34,664
Joint ventures obtained from deemed disposal of a subsidiary	2,000	–
Share of profit/(loss) for the year	75	(1,571)
As at 31 December	<u>87,894</u>	<u>85,819</u>

At 31 December 2015, the Group did not have significant commitments relating to its joint ventures, and there were no contingent liabilities relating to the Group's interests in the joint ventures.

In the opinion of the directors of the Company, investments in joint ventures are not material to the Group and no further disclosure of the particulars of the joint ventures is presented.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Investments in associates

Movements in investments in associates are as follows:

	Year ended 31 December	
	2015	2014
At 1 January	581,035	327,189
Capital injections	–	202,455
Associates obtained from deemed disposal of a subsidiary	2,000	–
Share of reserve of an associate	–	735
Dividends received	(20,000)	–
Share of profit for the year	9,489	50,656
At 31 December	572,524	581,035

Set out below are the associates of the Group at 31 December 2015, which, in the opinion of the directors of the Company, are material to the Group. The associates as listed below have share capital consisting of paid-in capital, which are held directly by the Group; the country of establishment or registration is also the principal place of business.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Investments in associates (Continued)

Name of entity	Place of business/ country of establishment	% of ownership interest	Measurement method
Datang Financial Leasing Company Limited (大唐融資租賃有限公司) (“Datang Financial Leasing”)	The PRC	20%	Note 1 Equity
Guangdong Yueneng Datang Renewable Power Co., Ltd. (廣東粵能大唐新能源有限公司) (“Guangdong Yueneng”)	The PRC	49%	Note 2 Equity

Note 1: Datang Financial Leasing, a limited liability company established in the PRC, and the Company are under the common control of Datang Corporation. Datang Financial Leasing provides financing services to the Group and other companies under the common control of Datang Corporation (see Note 24(a)(ii) for more details).

Note 2: Guangdong Yueneng, a limited liability company established in the PRC, was jointly established by the Company and Guangdong Yuneng (Group) Company Limited (廣東粵能(集團)有限公司). Guangdong Yueneng engages in power generation businesses.

Datang Financial Leasing and Guangdong Yueneng are private companies and there are no quoted market prices available.

There are no contingent liabilities relating to the Group’s interests in the associates.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Investments in associates (Continued)

Summarised financial information for associates

Set out below is the summarised financial information for Datang Financial Leasing, Guangdong Yueneng, and other associates which are accounted for using the equity method.

Summarised statements of financial position

	Datang Financial Leasing		Guangdong Yueneng		Other associates		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Total current assets	1,361,043	571,985	83,500	59,785	215,076	351,538	1,659,619	983,308
Total current liabilities	(13,319,631)	(4,139,432)	(16,456)	(849)	(1,829,025)	(908,583)	(15,165,112)	(5,048,864)
Total non-current assets	16,571,449	10,984,827	397,676	391,324	2,420,238	1,152,607	19,389,363	12,528,758
Total non-current liabilities	(2,267,176)	(5,003,329)	(324,850)	(323,750)	(188,816)	(42,940)	(2,780,842)	(5,370,019)
Net assets	2,345,685	2,414,051	139,870	126,510	617,473	552,622	3,103,028	3,093,183

Summarised statements of comprehensive income

	Datang Financial Leasing		Guangdong Yueneng		Other associates		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	830,633	608,840	55,276	32,275	192,489	142,408	1,078,398	783,523
Profit/(loss) before tax	36,211	408,239	13,604	(12,763)	(10,124)	(17,346)	39,691	378,130
Net profit/(loss) for the year	31,634	306,136	13,604	(12,763)	(10,038)	(16,531)	35,200	276,842
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	31,634	306,136	13,604	(12,763)	(10,038)	(16,531)	35,200	276,842
Dividends received from associate	20,000	-	-	-	-	-	-	-

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Investments in associates (Continued)

Summarised financial information for associates (Continued)

Summarised statements of comprehensive income (Continued)

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

During the year ended 31 December 2015, the Group's share of the other associates' loss amounted to RMB3.5 million (2014: RMB5.1 million), share of the other associates' other comprehensive income was nil (2014: Nil) and share of the other associates' total comprehensive income was net loss amounting to RMB3.5 million (2014: RMB5.1 million).

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in associates:

Summarised financial information:

	Datang Financial Leasing		Guangdong Yueneng		Other associates		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Opening net assets	2,414,051	1,107,915	126,510	137,773	552,622	218,356	3,093,183	1,464,044
Release of deferred government grants	-	-	-	1,500	-	-	-	1,500
Capital contribution	-	1,000,000	-	-	72,889	351,612	72,889	1,351,612
Associates obtained from deemed disposal of a subsidiary	-	-	-	-	2,000	-	2,000	-
Profit/(loss) for the year	31,634	306,136	13,604	(12,763)	(10,038)	(17,346)	35,200	276,027
Distributions to shareholders	(100,000)	-	-	-	-	-	(100,000)	-
Others	-	-	(244)	-	-	-	(244)	-
Closing net assets	2,345,685	2,414,051	139,870	126,510	617,473	552,622	3,103,028	3,093,183
Ownership %	20%	20%	49%	49%	-	-	-	-
Interests in associates	469,137	482,810	68,636	61,990	26,869	28,373	564,542	573,173
Goodwill	2,255	2,255	5,477	5,477	130	130	7,862	7,862
Carrying value of investments	471,392	485,065	74,013	67,467	26,999	28,503	572,404	581,035

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2015	2014
At 1 January	405,242	584,044
Net losses transfer to other comprehensive income	(48,602)	(178,802)
At 31 December	<u>356,640</u>	<u>405,242</u>

At 31 December 2015, the Group's financial assets at fair value through other comprehensive income include the following:

	As at 31 December	
	2015	2014
Listed securities:		
– Equity securities – Hong Kong	303,473	352,075
Unlisted securities:		
– Equity securities – the PRC	53,167	53,167
	<u>356,640</u>	<u>405,242</u>

Financial assets at fair value through other comprehensive income were denominated in the following currencies:

	As at 31 December	
	2015	2014
RMB	53,167	53,167
HKD	303,473	352,075
	<u>356,640</u>	<u>405,242</u>

At 31 December 2015 and 2014, the directors of the Company were of their opinion that the fair value of unlisted securities was approximate to their cost as the relevant entity was at the development stage.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

17. DEFERRED TAX

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December	
	2015	2014
Deferred income tax assets	34,542	37,712
Deferred income tax liabilities	(26,285)	(29,405)
Deferred income tax assets, net	8,257	8,307

The net movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2015	2014
At 1 January	8,307	4,183
Tax credited/(debited) to profit or loss (Note 8)	(50)	4,124
At 31 December	8,257	8,307

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

17. DEFERRED TAX (Continued)

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

Movement of deferred income tax assets:

	Tax losses	Provision for impairment	Deferred revenue	Intra-group unrealised profit	Tax credits entitlement	Total
At 1 January 2014	2,881	2,039	2,139	2,767	25,888	35,714
Credited/(debited) to profit or loss	(2,081)	4,748	(583)	(86)	-	1,998
At 31 December 2014 and 1 January 2015	800	6,787	1,556	2,681	25,888	37,712
Debited to profit or loss	(800)	(1,476)	(389)	(86)	(419)	(3,170)
At 31 December 2015	-	5,311	1,167	2,595	25,469	34,542

Movements of deferred income tax liabilities:

	Asset revaluation	Others	Total
At 1 January 2014	(30,537)	(994)	(31,531)
Credited to profit or loss	2,126	-	2,126
At 31 December 2014 and 1 January 2015	(28,411)	(994)	(29,405)
Credited to profit or loss	2,126	994	3,120
At 31 December 2015	(26,285)	-	(26,285)

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

17. DEFERRED TAX (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related income tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of certain losses that can be carried forward against future taxable income. The unrecognised deductible temporary tax differences and the expiry dates of related tax losses are summarised as follows:

	As at 31 December	
	2015	2014
Tax losses	2,020,656	1,639,164
Other deductible temporary tax differences	138,169	56,437
	<u>2,158,825</u>	<u>1,695,601</u>

	As at 31 December	
	2015	2014
Year of expiry		
2016	145,822	158,659
2017	263,433	276,232
2018	496,652	517,675
2019	612,973	686,598
2020	501,776	–
	<u>2,020,656</u>	<u>1,639,164</u>

18. VALUE-ADDED TAX RECOVERABLE

VAT recoverable represents the input VAT relating to purchase of property, plant and equipment, which is allowed to be deducted from the output VAT arising from the sales of electricity in the future period.

Notes to Financial Statements (Continued)

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(Amounts expressed in thousands of RMB unless otherwise stated)

19. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
CDM assets/receivables	145,615	400,377
Less: Provision for impairment (Note (i))	(49,148)	(85,193)
	96,467	315,184
Prepayments/advances for plant constructions	26,135	31,264
Receivables from provision of services	86,650	149,423
Consideration receivables from disposal of subsidiaries	112,200	131,200
Receivable from disposal of a wind farm project	27,457	22,976
Other loan due from a related party (Note (28(b)))	170,000	170,000
Deposit for project investments	34,822	23,140
Deposit for borrowings (Note 24(a)(i))	48,705	50,005
Receivables under a lease arrangement (Note (ii))	68,061	73,333
Entrusted loan to a related party (Note (iv))	200,000	–
Other receivables	122,882	125,264
	993,379	1,091,789
Current income tax prepayments	26,390	15,036
Deferred loss on long-term borrowings (Note 24(a)(ii))	5,965	6,283
Other prepayments	369,784	191,341
	1,395,518	1,304,449
Less: Non-current portion of		
– Receivables from provision of services	(28,001)	(91,502)
– Receivables under a lease arrangement	(62,545)	(67,127)
– CDM asset/receivables	–	(18,639)
– Amounts due from related parties	–	(170,000)
– Deposit for borrowings	(48,705)	(50,005)
– Deferred loss on long-term borrowings	(5,629)	(5,956)
– Other prepayments	(109,178)	(72,847)
	(254,058)	(476,076)
Total current portion of prepayments and other receivables	1,141,460	828,373

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

19. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

- (i) At 31 December 2015, except for certain CDM assets, substantially all other receivables (2014: substantially all) were not past due. The directors of the Company are of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable and unimpaired.

In relation to CDM assets/receivables, all counter-parties have committed to purchases the CERs and prices have been agreed at the time of recognition. These relate to a number of independent customers of whom the Group is not aware of any significant financial difficulty. As at 31 December 2015, based on their assessment, the directors of the Company concluded that a portion of these receivables may not be recoverable. Therefore, a provision for impairment of RMB49.1 million (2014: RMB85.2 million) has been made. Movements on the provision for impairment of CDM assets/receivables are as follows:

	Year ended 31 December	
	2015	2014
At 1 January	85,193	48,924
Provision for impairment	6,503	45,138
Reversal	–	(8,869)
Write-off	(42,548)	–
At 31 December	49,148	85,193

At 31 December 2015, included in “CDM assets/receivables” were RMB69.0 million (2014: RMB171.8 million) of the settlement collected by a fellow subsidiary of the Company on the Group’s behalf.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

19. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (ii) During the year ended 31 December 2015, the Group provided services to an external customer under an energy performance contract for a period of 12 years, pursuant to which certain facilities were constructed and operated by the Group and the service fee was determined at a monthly fixed amount plus contingent fee which was linked to coal price. The transaction was accounted for as a finance lease and the implied interest rate was 4.54% per annum.

	As at 31 December	
	2015	2014
Non-current receivables		
Finance lease – gross receivables	76,500	85,000
Unearned finance income from finance lease receivable	(13,955)	(17,873)
	<u>62,545</u>	<u>67,127</u>
Current receivables		
Finance lease – gross receivables	8,500	8,500
Unearned finance income from finance lease receivable	(2,984)	(2,294)
	<u>5,516</u>	<u>6,206</u>
Net investment in finance lease	<u>68,061</u>	<u>73,333</u>

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

19. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(ii) (Continued)

	As at 31 December	
	2015	2014
Gross receivables from the finance lease:		
No later than 1 year	8,500	8,500
Later than 1 year and no later than 5 years	34,000	42,500
Later than 5 years	42,500	42,500
	<u>85,000</u>	<u>93,500</u>
Unearned future finance income from finance lease receivable	<u>(16,939)</u>	<u>(20,167)</u>
Net investment in finance lease	<u>68,061</u>	<u>73,333</u>
The net investment in finance lease is analysed as follows:		
No later than 1 year	5,516	6,206
Later than 1 year and no later than 5 years	24,744	29,326
Later than 5 years	37,801	37,801
Total	<u>68,061</u>	<u>73,333</u>

No contingent income was recognised during the year ended 31 December 2015.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

19. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (iii) The carrying amounts of the Group's other receivables were denominated in the following currencies:

	As at 31 December	
	2015	2014
RMB	900,709	984,255
EUR	71,021	84,539
AUD	21,649	22,995
Total	993,379	1,091,789

- (iv) At 16 January 2015, China Datang Corporation Finance Company Limited (中國大唐集團財務有限公司) ("Datang Finance") was entrusted by the Company to lend RMB200.0 million to Datang Financial Leasing. The due date was 15 January 2016. The interest rate was 6% per annum.
- (v) At 31 December 2015 and 2014, the fair values of current loans and receivables approximated to their carrying amounts. The maximum exposure to credit risk at the reporting date was the carrying value of each class of receivables. The Group does not hold any collateral as security.

20. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2015	2014
Trade receivables	1,241,664	3,149,589
Bills receivables	97,530	131,779
	1,339,194	3,281,368
Less: Provision for doubtful debts	(2,328)	(2,328)
	1,336,866	3,279,040

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES (Continued)

Trade and bills receivables primarily represent receivables from regional or provincial grid companies for tariff revenue. These receivables are unsecured and non-interest-bearing. The carrying amounts of the trade and bills receivables of the Group are all denominated in RMB. The fair values of the trade and bills receivables approximate to their carrying amounts.

For trade and bills receivables arising from tariff revenue, the Group usually grant credit period of approximately one month to local power grid companies from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective local grid companies.

Settlement of certain trade receivables due from the local power grid companies are subject to the allocation of government designated funds by the relevant government authorities to the local grid companies and tariff surcharge payable by the end users, which consequently takes a relatively long time for the grid companies to make settlement. Effective from March 2012, the application, approval and settlement of the tariff premium are subject to certain procedures as promulgated by Caijian [2012] No. 102 *Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy* (“*可再生能源電價附加補助資金管理暫行辦法*”). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff premium. At 31 December 2015, most of the operating projects of the Group have been approved for the tariff premium and certain projects were in the process of applying for the approval. The directors are of the opinion that these trade and bills receivables from tariff premium are fully recoverable considering there were no bad debt experiences in the past and the tariff premium is funded by the PRC government.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of trade and bills receivables based on the revenue recognition date was as follows:

	As at 31 December	
	2015	2014
Within 1 year	1,173,898	1,578,810
Between 1 and 2 years	126,833	265,881
Between 2 and 3 years	28,869	53,581
Over 3 years	9,594	1,383,096
	1,339,194	3,281,368

At 31 December 2015, trade and bills receivables of RMB163.0 million (2014: RMB1,700.2 million) were past due but not impaired. The ageing analysis of these trade and bills receivables is as follows:

	As at 31 December	
	2015	2014
Past due within 1 year	126,833	265,881
Past due over 1 year	36,135	1,434,349
	162,968	1,700,230

At 31 December 2015, trade receivables of RMB2.3 million (2014: RMB2.3 million) were fully impaired, which represented a past due tariff receivable from a power grid company in dispute. It was assessed that these receivables are not recoverable.

At 31 December 2015 and 2014, the Group has pledged a proportion of their tariff collection rights as security for certain bank and other loans (Note 24(c)).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. The Group does not hold any collateral as security.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS

	As at 31 December	
	2015	2014
Restricted cash	4,725	–
Time deposits	–	350,000
Restricted cash and time deposits	4,725	350,000
Cash and cash equivalents	1,077,788	2,190,212
	<u>1,082,513</u>	<u>2,540,212</u>

As at 31 December 2015, restricted cash mainly represented deposits held for use in land reclamation deposit.

As at 31 December 2015, the Group had no time deposit. (As at 31 December 2014, the Group had time deposits of RMB350.0 million, of which the annual effective interest rate was 2.55% with average maturity of six month and was matured in December 2015.)

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS (Continued)

Cash and cash equivalents and restricted cash and time deposits of the Group were denominated in the following currencies:

	As at 31 December	
	2015	2014
RMB	1,046,992	2,482,157
HKD	19,332	39,722
EUR	12,722	13,368
USD	1,010	948
AUD	2,457	4,017
	<u>1,082,513</u>	<u>2,540,212</u>

22. TRADE AND BILLS PAYABLES

	As at 31 December	
	2015	2014
Trade payables	93,417	106,712
Bills payables	1,224,886	327,134
	<u>1,318,303</u>	<u>433,846</u>

At 31 December 2015 and 2014, substantially all trade and bills payables were aged within one year based on their invoice dates, and were denominated in RMB.

The fair values of the trade and bills payables approximate to their carrying amounts.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

23. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2015	2014
Payables for property, plant and equipment	4,593,248	3,521,391
Loans from related parties	116,915	132,915
Dividends payable	57,942	191,941
Interests payable	135,517	145,621
Accrued staff related costs	62,897	69,724
Payables for CDM projects	8,338	32,226
Payables for taxes other than income taxes	11,490	32,475
Assets retirement obligations (Note)	71,373	66,759
Amounts due to a non-controlling interest	6,132	3,122
Other payables	187,907	185,260
	5,251,759	4,381,434
Deferred government grants	25,073	38,999
Deferred income on long-term borrowings (Note 24(a)(ii))	190,656	202,291
Other accruals and deferrals	97,728	89,283
	5,565,216	4,712,007
Less: Non-current portion of		
– Loan from related parties	(60,550)	(76,550)
– Asset retirement obligations	(71,373)	(66,758)
– Deferred government grants	(25,073)	(38,999)
– Deferred income on long-term borrowings	(179,011)	(190,646)
– Other accruals and deferrals	(86,833)	(88,232)
	(422,840)	(461,185)
Current portion of accruals and other payables	5,142,376	4,250,822

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

23. ACCRUALS AND OTHER PAYABLES (Continued)

Note:

Under the relevant laws and regulations, the Group is generally required to restore and rehabilitate areas caused by the Group's temporary occupation of lands during the construction of the relevant power plant facilities. In addition, the Group may have contractual obligation to dismantle the relevant facilities and rehabilitate the lands occupied at the end of the concession periods for wind or solar farms operated under the relevant service concession agreements.

For the year ended 31 December 2015, the unwinding of discount of RMB4.6 million (2014: RMB3.9 million) was included in "Finance expenses" in the consolidated statement of profit or loss.

The carrying amounts of the Group's other payables denominated in the following currencies:

	As at 31 December	
	2015	2014
RMB	5,248,138	4,343,646
EUR	45	17,152
HKD	3,441	19,883
Other currencies	135	753
Total	5,251,759	4,381,434

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) Long-term borrowings

	As at 31 December	
	2015	2014
Bank loans		
– unsecured	15,326,767	16,993,331
– guaranteed (Note 24(c))	2,593,597	5,586,735
– secured	5,400,121	3,242,463
	<u>23,320,485</u>	<u>25,822,529</u>
Other loans		
– unsecured	2,117,070	822,905
– guaranteed (Note (i))	3,932,486	4,009,409
– secured (Note (ii))	2,941,915	3,171,100
	<u>8,991,471</u>	<u>8,003,414</u>
Corporate bonds – unsecured	<u>4,195,638</u>	<u>4,191,305</u>
Total long-term borrowings	<u>36,507,594</u>	<u>38,017,248</u>
Less: Current portion of long-term borrowings (Note 24(b))		
– bank loans	(2,371,509)	(2,134,300)
– other loans	(216,422)	(863,146)
– corporate bonds	(4,195,638)	–
	<u>(6,783,569)</u>	<u>(2,997,446)</u>
Total non-current portion of long-term borrowings	<u>29,724,025</u>	<u>35,019,802</u>
Estimated fair value of long-term borrowings (Note (iii))	<u>36,526,469</u>	<u>38,062,063</u>

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(a) Long-term borrowings (Continued)

Notes:

- (i) At 31 December 2015, included in other loans were borrowings of RMB2,552.7 million (2014: RMB2,825.1 million) from ICBC Financial Leasing Company Limited (工銀金融租賃有限公司) for the constructions of designated wind farms, among which RMB932.5 million (2014: RMB1,009.4 million) were guaranteed by the Company. Pursuant to the related loan agreements, certain property, plant and equipment of relevant wind farms are pledged as security. Prior to the period before the pre-determined criteria were met, these borrowings were all guaranteed by the Company. At 31 December 2015, cash amounting to RMB48.7 million (2014: RMB50.0 million) was held in a deposit account with ICBC Financial Leasing Company Limited.

In addition, at 31 December 2015, the borrowings from Pingan Assets Management Co., Ltd. amounted to RMB3 billion (2014: RMB3 billion) were guaranteed by Datang Corporation.

- (ii) At 31 December 2015, included in secured other loans were borrowings amounting to RMB1,093.6 million (31 December 2014: RMB1,189.9 million) due to Datang Financial Leasing and RMB1,620.2 million (31 December 2014: RMB1,815.7 million) from ICBC Financial Leasing Company Limited, which allows certain subsidiaries of the Company sell and lease back certain property, plant and equipment to and from the lenders for a period ranging from 10 to 13 years. The underlying property, plant and equipment will be transferred to the relevant group companies at a notional consideration of RMB1.00 at the end of the lease term. In accordance with *Standing Interpretations Committee (SIC) Interpretation 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"*, proceeds received under this agreement should be accounted for as borrowings secured by the relevant property, plant and equipment as the substance of this arrangement is considered as a financing arrangement (Note 12).

At 31 December 2015 and 2014, deferred loss and revenue recognised represented the adjustments for the present values of these borrowings, and were included in "Prepayments and other receivables" and "Accruals and other payables" in the consolidated statement of financial position, respectively.

- (iii) Except for the fair values of corporate bonds were based on these closing prices quoted as of 31 December 2015 on the Shanghai Stock Exchange, which were within level 1 of the fair value hierarchy, the estimated fair values of long-term loans (including current portion) were calculated based on discounted cash flow using applicable discount rates from prevailing market interest rates offered to the Group for loans with substantially the same characteristics and maturity dates. The annual discount rates applied as at 31 December 2015 were ranging 4.15% to 7.21% (2014: 4.07% to 7.34%). The fair values of long-term loans (including current portion and excluding corporate bonds) were within level 2 of the fair value hierarchy.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(b) Short-term borrowings

	As at 31 December	
	2015	2014
Bank loans		
– unsecured	473,000	20,014
	473,000	20,014
Short-term bonds – unsecured (Note)	2,017,417	2,052,089
Other loans – unsecured	1,300,000	1,153,850
Current portion of long-term borrowings (Note 24 (a))	6,783,569	2,997,446
	10,573,986	6,223,399

Note:

On 15 September 2015, the Company issued short-term bonds with a par value of RMB100 each for cash of RMB2,000.0 million, net of issuance cost of RMB3.0 million. These bonds have an annual coupon rate of 3.10%, and are matured in March 2016.

The estimated fair values of short-term borrowings approximate their carrying amounts.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(c) Other disclosures in relation to the Group's borrowings

At 31 December 2015, effective interest rates per annum on borrowings are as follows:

	As at 31 December	
	2015	2014
Long-term		
Bank loans	4.17%-6.56%	4.07%-6.56%
Other loans	4.15%-7.21%	5.54%-7.34%
Corporate bonds	5.4%	5.4%
Short-term		
Bank loans	3.92%-4.90%	5.04%-6.60%
Other loans	4.14%-4.59%	5.04%-6.00%
Short-term bonds	3.08%	5.32%

At 31 December 2015, details of the Group's guaranteed borrowings are as follows:

	As at 31 December	
	2015	2014
Guarantor		
– The Company*	2,159,425	3,454,137
– Non-controlling interests of subsidiaries and ultimate holding companies of non-controlling interests	434,172	2,132,598
	2,593,597	5,586,735

* At 31 December 2015, guaranteed loans by the Company amounted to RMB50.0 million (2014: RMB58.0 million) were counter guaranteed by non-controlling interests of a subsidiary.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(c) Other disclosures in relation to the Group's borrowings (Continued)

At 31 December 2015, the Group has pledged certain assets as collateral to certain secured borrowings and a summary of these pledged assets is as follows:

	Bank loans		Other loans	
	As at 31 December		As at 31 December	
	2015	2014	2015	2014
Property, plant and equipment	2,601,891	1,068,263	2,970,555	3,277,151
Concession assets	260,496	275,777	–	–
Tariff collection rights	181,384	485,873	63,196	531,874
	3,043,771	1,829,913	3,033,751	3,809,025

At 31 December 2015, long-term borrowings were repayable as follows:

	As at 31 December	
	2015	2014
Within 1 year	6,783,569	2,997,446
After 1 year but within 2 years	2,763,218	7,225,417
After 2 years but within 5 years	10,819,383	10,274,434
After 5 years	16,141,424	17,519,951
	36,507,594	38,017,248

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(c) Other disclosures in relation to the Group's borrowings (Continued)

At 31 December 2015, the carrying amounts of borrowings were denominated in the following currencies:

	As at 31 December	
	2015	2014
RMB	40,166,284	41,077,697
USD	131,727	165,504
	<u>40,298,011</u>	<u>41,243,201</u>

25. SHARE CAPITAL AND SHARE PREMIUM

As at 31 December 2015, ordinary shares comprises of the following:

	31 December 2015	31 December 2014
	Number of shares	Number of shares
	(in thousands)	(in thousands)
Domestic shares	4,772,630	4,772,630
H shares	2,501,071	2,501,071
	<u>7,273,701</u>	<u>7,273,701</u>

The total authorised number of ordinary shares is 7,273.7 million shares with a par value of RMB1.00 per share. At 31 December 2015 and 2014, all issued shares were registered, fully paid and ranked pari passu to each other.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

25. SHARE CAPITAL AND SHARE PREMIUM (Continued)

A summary of the Company's issued ordinary shares and share premium is as follows:

	Number of shares	Ordinary shares	Share premium	Total
	(in thousands)	(RMB'000)	(RMB'000)	(RMB'000)
At 31 December 2014 and 2015	7,273,701	7,273,701	2,080,969	9,354,670

26. PERPETUAL NOTES PAYABLE

On 10 December 2014, the Company issued RMB2,000.0 million medium-term notes at initial interest rate of 5.80% ("Medium-term Notes"). The proceeds from issuance of the Medium-term Notes after the issuance cost is RMB1,979.3 million. Coupon payments of 5.80% per annum are paid annually in arrears on 12 December of each year starting from 2015 (each, a "Coupon Payment Date"), and may be deferred at the discretion of the Company.

The Medium-term Notes have no fixed maturity and are callable at the Company's option, on 12 December 2019 or on any Coupon Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. After 12 December 2019, the coupon rate will be reset every 5 years to a percentage per annum equal to the sum of (a) the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (b) current benchmark interest rate, and (c) a margin of 300 base points per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of these Medium-term Notes, the Company has no contractual obligation to repay its principal or to pay any coupon interest. Accordingly, the Medium-term Notes do not meet the definition of financial liabilities in accordance with IAS 32 *Financial Instruments: Presentation*, and are classified as equity and subsequent coupon payments are accounted as equity distribution to the owners of the Company.

In 2015, the Company announced and paid interests in terms of Medium-term Notes amounted to RMB116.0 millions (2014: Nil).

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

27. OTHER RESERVES

A summary of the movements of the Group's other reserves for the year ended 31 December 2015 is as follows:

	Statutory surplus reserve	Other reserves	Investments revaluation reserve	Currency translation	Total
	(Note (i))	(Note (ii))			
At 1 January 2014	127,094	(1,447,453)	74,738	(5,851)	(1,251,472)
Capital contributions	-	(2)	-	-	(2)
Share of reserves of investments in associates and joint ventures	-	735	-	-	735
Losses arising on revaluation of financial assets at fair value through other comprehensive income (Note 16)	-	-	(178,802)	-	(178,802)
Currency translation differences	-	-	-	(1,823)	(1,823)
At 31 December 2014	127,094	(1,446,720)	(104,064)	(7,674)	(1,431,364)
At 1 January 2015	127,094	(1,446,720)	(104,064)	(7,674)	(1,431,364)
Acquisition of non-controlling interest of subsidiaries	-	(636)	-	-	(636)
Losses arising on revaluation of financial assets at fair value through other comprehensive income (Note 16)	-	-	(48,602)	-	(48,602)
Currency translation differences	-	-	-	(1,374)	(1,374)
At 31 December 2015	127,094	(1,447,356)	(152,666)	(9,048)	(1,481,976)

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

27. OTHER RESERVES (Continued)

Notes:

(i) **Statutory surplus reserve**

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, the Company is required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of the PRC, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the registered capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

(ii) **Other reserves**

Other reserves of the Group are mainly the difference between the fair value of assets injected by Datang Corporation and its share in the share capital as part of the reorganisation, and merger reserves arising from business combinations under common control.

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

The Company is controlled by Datang Corporation, the parent company and a state-owned enterprise established in the PRC. Datang Corporation itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 Related Party Disclosures of government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include Datang Corporation and its subsidiaries (other than the Group), other government-related entities and their subsidiaries ("Other State-owned Enterprises"), other entities and corporations over which the Company is able to control or exercise significant influence and key management personnel of the Company and Datang Corporation as well as their close family members.

For the purposes of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered in the ordinary course of business between the Group and its related parties during the year.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions

	2015	2014
Transactions with fellow subsidiaries of the Group:		
– Provision of installation, construction, general contracting services	14,558	6,270
– Sales of equipment	2,288	–
– Purchases of engineering, construction, supervisory services and general contracting services (Note (i))	(285,805)	(220,513)
– Purchases of key and auxiliary materials, equipment and finished goods (Note (ii))	(1,875,367)	(743,810)
– Provision of operating capital (Note 19 (iv))	200,000	37,648
– Borrowings (Note (iii))	(5,514,800)	(1,775,000)
– Interest income earned (Note 19(v))	21,027	13,889
– Interest expense charged (Note (iii))	(94,181)	(138,119)
Provide working capital to:		
– Joint venture	–	30,000
– Associates	–	248
	–	30,248
Interest income earned:	–	527
Transaction with Datang Corporation:		
– Guarantee on borrowings provided by Datang Corporation	–	1,000,000
Capital commitments for the purchase of property, plant and equipment from fellow subsidiaries (contracted, but not provided for)	4,689,147	4,779,861

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

Notes:

- (i) Provision of general contracting services by certain fellow subsidiaries of Datang Group included purchase of equipment and constructions services.
- (ii) Purchases of key and auxiliary materials, equipment and finished goods are mainly purchases of wind turbines, tower tubes and auxiliary materials from Shenyang Huachuang Wind Power Co., Limited and China National Water Resources & Electric Power Materials & Equipment Co., Limited.
- (iii) During the year ended 31 December 2015, included in “borrowings” were borrowings from Datang Finance and Datang Financial Leasing. The due dates of the related borrowings fall from 31 December 2016 to 6 January 2026, and the interest rates range from 4.41% to 7.21% per annum.
- (iv) In addition to the above transactions, in August 2011, the Company and Datang Finance, a fellow subsidiary of the Company which is a financial institution established in the PRC, entered into an agreement for which Datang Finance agreed to provide certain loan, depository and other financial services to the Group for a period of three years. After the expiration of the agreement, on 17 March 2015, a new financial service agreement was entered into by both parties for a term from 17 March 2015 to 1 December 2017.

Pursuant to these agreements, Datang Finance will grant integrated credit facilities of RMB4 billion to the Group. At 31 December 2015, the Group had a cash deposit held at Datang Finance amounting to RMB678.1 million (2014: RMB400.0 million), and the interest income on the deposit was RMB9.4 million for the year ended 31 December 2015 (2014: RMB0.7 million).

All transactions above with related parties are conducted on prices and terms mutually agreed by the parties involved, and all amounts disclosed are inclusive of VAT applicable to the relevant transactions.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Year-end balances due from/(to) Datang Corporation and its subsidiaries

Other than those disclosed elsewhere in the consolidated financial statements, the outstanding balances with related entities at the year end are as follows:

	31 December 2015	31 December 2014
Cash and cash equivalents deposited with		
A subsidiary of Datang Corporation <i>(Note 28 (a)(ii))</i>	678,067	400,000
Trade and bills receivables		
Datang Corporation and its subsidiaries	9,560	4,283
Prepayments and other receivables and amounts included in property, plant and equipment		
Datang Corporation and its subsidiaries	1,230,823	763,881
Other associates	132	132
Trade and bills payables		
Datang Corporation and its subsidiaries	(581,529)	(89,951)
Accrued and other payables		
Datang Corporation and its subsidiaries	(1,280,729)	(1,054,863)
Interest-bearing borrowings		
Subsidiaries of Datang Corporation	(4,510,689)	(2,309,230)

All balances with related parties were arising primarily from transactions as disclosed in Note 28(a).

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(b) Year-end balances due from/(to) Datang Corporation and its subsidiaries *(Continued)*

At 31 December 2015, amounts included in "Accruals and other payables" of RMB76.6 million (2014: RMB92.6 million) and "Interest-bearing loans and borrowings" of RMB4,510.7 million (2014: RMB2,288.8 million) were payables to certain fellow subsidiaries of the Company which bore interest at 4.41% to 7.21% per annum (2014: 5.04% to 7.21%). Except for the above mentioned, all (2014: all) other balances with Datang Corporation and its subsidiaries are interest-free, unsecured and due on demand.

(c) Significant transactions with state-owned enterprises except Datang Corporation and its subsidiaries ("Other State-owned Enterprises")

For the year ended 31 December 2015, all revenue from the sales of electricity was made to the provincial power grid companies (2014: all). These power grid companies are directly or indirectly owned or controlled by the PRC government. At 31 December 2015, substantially all trade and bills receivables (Note 20) were due from these power grid companies (2014: substantially all).

Apart from the above, for the years ended 31 December 2015 and 2014, a large portion of the Group's other significant transactions with other state-owned enterprises were its purchases of materials, property, plant and equipment and services. Substantially all cash and cash equivalents and borrowings at 31 December 2015 and 2014, and the relevant interest income earned and expenses incurred were transacted with banks and other financial institutions owned/controlled by the PRC government.

The transactions of revenues and expenses in nature conducted with other state-owned enterprises are based on terms as set out in the underlying agreements, based on statutory rates or actual cost incurred, or as mutually agreed.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(d) Compensation of key management personnel

	2015	2014
Basic salaries, housing fund, other allowances and benefits in kind	2,868	2,919
Discretionary bonus	2,038	2,324
Pension cost	405	357
	<u>5,311</u>	<u>5,600</u>

Details of directors', supervisors' and senior management's remuneration are included in Note 11 to the financial statements.

(e) Commitments with related parties

As at 31 December 2015 and 2014, except for the other capital commitments disclosed in Note 28(a) to the consolidated financial statements, the Group had no significant commitments with other related parties.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS

29.1 Financial instruments by category

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets

	31 December 2015			Total
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	
Financial assets at fair value through other comprehensive income	–	–	356,640	356,640
Trade and bills receivables	–	1,336,866	–	1,336,866
Restricted cash and time deposits	–	4,725	–	4,725
Cash and cash equivalents	–	1,077,788	–	1,077,788
Financial assets included in prepayments and other receivables	–	967,253	–	967,253
Financial assets at fair value through profit or loss	8,900	–	–	8,900
	8,900	3,386,632	356,640	3,752,172

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (Continued)

29.1 Financial instruments by category (Continued)

Financial liabilities

	Financial liabilities at amortised cost	Total
Loans from associates	1,094	1,094
Trade and bills payables	1,318,303	1,318,303
Financial liabilities included in accruals and other payables	5,457,280	5,457,280
Interest-bearing loans and borrowings	40,296,917	40,296,917
	<u>47,073,594</u>	<u>47,073,594</u>

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (Continued)

29.1 Financial instruments by category (Continued)

Financial assets

	31 December 2014			Total
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	
Financial assets at fair value through other comprehensive income	–	–	405,242	405,242
Trade and bills receivables	–	3,279,040	–	3,279,040
Restricted cash and time deposits	–	350,000	–	350,000
Cash and cash equivalents	–	2,190,212	–	2,190,212
Financial assets included in prepayments and other receivables	–	1,060,525	–	1,060,525
Financial assets at fair value through profit or loss	8,900	–	–	8,900
	8,900	6,879,777	405,242	7,293,919

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (Continued)

29.1 Financial instruments by category (Continued)

Financial liabilities

	Financial liabilities at amortised cost	Total
Loans from associates	1,190	1,190
Trade and bills payables	433,846	433,846
Financial liabilities included in accruals and other payables	4,573,774	4,573,774
Interest-bearing bank and other borrowings	41,242,011	41,242,011
	<u>46,250,821</u>	<u>46,250,821</u>

29.2 Fair value and fair value hierarchy

Fair value

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (Continued)

29.2 Fair value and fair value hierarchy (Continued)

Fair value (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2015

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through other comprehensive income	303,473	–	53,167	356,640
Financial assets at fair value through profit or loss	–	–	8,900	8,900
	<u>303,473</u>	<u>–</u>	<u>62,067</u>	<u>365,540</u>

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (Continued)

29.2 Fair value and fair value hierarchy (Continued)

Fair value (Continued)

As at 31 December 2014

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through other comprehensive income	352,075	–	53,167	405,242
Financial assets at fair value through profit or loss	–	–	8,900	8,900
	<u>352,075</u>	<u>–</u>	<u>62,067</u>	<u>414,142</u>

During the year, the Group had no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2014: Nil).

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT

30.1 Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury management department (the "Group Treasury") under policies approved by the board of directors of the Company. The Group Treasury identifies, evaluates and hedges financial risks through close co-operation with the Group's operating units.

(a) *Market risk*

(i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar ("HKD"), Australian dollar ("AUD"), Euros ("EUR") and US dollar ("USD"). Foreign exchange risk arises mainly from CDM assets/receivables, loan denominated in USD, recognised assets and liabilities and net investments in foreign operations.

As at 31 December 2015, substantially all of the revenue-generating operations of the Group are located the PRC and transacted in RMB. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group has policy to minimise foreign currency transactions. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT *(Continued)*

30.1 Financial risk management *(Continued)*

(a) *Market risk (Continued)*

(i) Foreign currency risk *(Continued)*

At 31 December 2015, if RMB had weakened/strengthened by 5% (2014: 5%) against other foreign currencies with all other variables held constant, post-tax profit for the year would have been RMB0.3 million lower/higher (2014: RMB2.5 million higher/lower) mainly as a result of foreign exchange gains/losses on translation of recognised monetary assets and liabilities.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of reporting period. The analysis is performed on the same basis for the years presented.

RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank loans and other loans. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2015 and 2014, the Group's borrowings at variable rate were denominated in the RMB and USD.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT *(Continued)*

30.1 Financial risk management *(Continued)*

(a) *Market risk (Continued)*

(ii) *Cash flow and fair value interest rate risk (Continued)*

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At 31 December 2015, if interest rates on RMB and USD denominated loans both had been 50 basis points (2014: 50 basis points) higher/lower, respectively, with all other variables held constant, interest expenses charged to profit or loss for the year would have been RMB203.6 million (2014: RMB161.7 million) higher/lower, respectively.

The estimated 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of reporting period.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT *(Continued)*

30.1 Financial risk management *(Continued)*

(a) *Market risk (Continued)*

(iii) Price risk

The Group is exposed to equity security price risk because of investments held by the Group. The Group is not exposed to commodity price risk.

As at 31 December 2015, the Group was exposed to equity security price risk primarily arising from the investments classified as financial assets at fair value through other comprehensive income. These securities are publicly traded in Hong Kong. To manage the risk, the Group closely monitors the market prices of these securities and market trends.

If prices of the equity security investments had increased/decreased by 10% with the stock price, the investment valuation reserve of equity would have been higher/lower by RMB30.52 million (2014: RMB35.2 million) as a result of increase/decrease in equity securities classified as fair value through other comprehensive income.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT *(Continued)*

30.1 Financial risk management *(Continued)*

(b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to receivable balances. Each local entity is responsible for managing and analysing the credit risk for each debtor. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and bank guarantees extended to external parties. For banks and financial institutions, the Group has policy to review the credit risks of any banks and financial institutions and does not expect any significant losses from non-performance by these banks and financial institutions. The Group's policy requires all of the Group's cash and cash equivalents in the PRC are deposited in the major state-owned/controlled PRC banks or financial institutions and well-known international banks outside of the PRC.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies, which are major state-owned entities, and the Group maintains long-term and stable business relationships with these companies. With regard to receivables/assets arising from CDM projects, the CDM office of the Company centrally assesses the credit quality of the buyers, taking into account their financial positions, past experience and other factors. The Group performs periodic credit evaluations of its customers and believes that adequate provision for impairment of receivables/assets has been made (Note 19). The Group does not expect any further losses from non-performance by these counterparties. For other receivables, the Group performs an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and is with the opinion that no debts are impaired.

The concentrations of trade receivables are disclosed in Note 20.

The maximum exposure to credit risk is represented by the total carrying amount of financial assets in the statement of financial position after deducting any impairment allowance.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT *(Continued)*

30.1 Financial risk management *(Continued)*

(c) *Liquidity risk*

Cash flow forecast is performed in the operating entities of the Group and aggregated by Group Treasury. The Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. This forecast takes into consideration of the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to the Datang Finance. Datang Finance places the surplus cash with banks after considering sufficient liquidity to provide sufficient headroom as determined by Datang Finance.

At 31 December 2015, the Group held cash and cash equivalents of RMB1,077.8 million (2014: RMB2,190.2 million) (Note 21). In addition, the Group held listed equity securities of RMB303.5 million (2014: RMB352.1 million) (Note 16), which could be readily realised to provide a further source of cash if the need arose.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT (Continued)

30.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs through: i) maintaining flexibility by placing reliance primarily on bank loans; ii) periodically evaluating banking facilities position and maintaining sufficient headroom on its undrawn committed borrowing facilities; iii) compliance with borrowing limits or covenants on any of its borrowing facilities – for example, appropriate management of pledged assets, compliance with certain debt ratio, and other credit rating requirements. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal debt ratio targets.

At 31 December 2015, the Group had the following undrawn borrowing facilities at floating rate:

	As at 31 December	
	2015	2014
Expiring within one year	17,859,000	14,605,420
Expiring beyond one year	44,613,728	5,452,452
	<u>62,472,728</u>	<u>20,057,872</u>

Based on the above, the directors of the Company are confident to meet the payments and settlement obligations and that the liquidity risk is low.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT (Continued)

30.1 Financial risk management (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within				Total
	1 year	1 to 2 years	2 to 5 years	Over 5 years	
At 31 December 2015					
Long-term loans (Note 24(a))	2,587,931	2,763,218	10,819,383	16,141,424	32,311,956
Long-term bonds (Note 24(a))	4,200,000	-	-	-	4,200,000
Short-term loans (Note 24(b))	1,773,000	-	-	-	1,773,000
Short-term bonds (Note 24(b))	2,000,000	-	-	-	2,000,000
Interest payables on borrowings	1,867,747	1,467,809	3,312,837	3,972,671	10,621,064
Other payables	5,396,730	16,000	44,550	-	5,457,280
Trade and bills payables (Note 22)	1,318,303	-	-	-	1,318,303
	19,143,711	4,247,027	14,176,770	20,114,095	57,681,603
At 31 December 2014					
Long-term loans (Note 24(a))	2,997,446	3,034,112	10,274,434	17,519,951	33,825,943
Long-term bonds (Note 24(a))	-	4,200,000	-	-	4,200,000
Short-term loans (Note 24(b))	1,173,864	-	-	-	1,173,864
Short-term bonds (Note 24(b))	2,000,000	-	-	-	2,000,000
Interest payables on borrowings	1,985,501	1,805,263	4,208,689	3,395,898	11,395,351
Other payables	4,128,031	16,000	48,000	12,550	4,204,581
Trade and bills payables (Note 22)	433,846	-	-	-	433,846
	12,718,688	9,055,375	14,531,123	20,928,399	57,233,585

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISKS MANAGEMENT (Continued)

30.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors their capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratio of the Group at 31 December 2015 was 77.7% (2014: 77.3%).

The small increase in the liability-to-asset ratio was primarily due to the interest payment of perpetual notes. Taking into consideration of the expected operating cash flows of the Group, the unutilised banking facilities and the Group's past experience in refinancing its short-term borrowings, the directors of the Company and management believe that the Group can meet their obligations when they fall due.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

31. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

At 31 December 2015, the Company directly and indirectly held equity interests in subsidiaries, all of which are unlisted securities; and the Company's principal subsidiaries, all of which are limited liability companies established and operated in the PRC in the business of wind power generation, were summarised as follows:

Name	Registered and fully paid-in capital	Proportion of equity interest held by	
		The Group	Non-controlling interests
Datang (Chifeng) Renewable Power Co., Ltd. (大唐(赤峰)新能源有限公司) ("Chifeng Renewable")	RMB2,120.5 million	60%	40%
Datang Shandong Renewable Power Co., Ltd. (大唐山東新能源有限公司)	Paid-in capital: 658,913 Registered capital: 586,803	100%	–
Datang Wengniute Qi Renewable Power Co., Ltd. (大唐翁牛特旗新能源有限公司)	129,548	100%	–
Datang Xilinguole Wind Power Generation Co., Ltd. (大唐錫林郭勒風力發電有限責任公司)	474,525	100%	–
Datang Renewable Shuozhou Wind Power Generation Co., Ltd. (大唐新能源朔州風力發電有限公司)	Paid-in capital: 290,860 Registered capital: 248,000	100%	–
Chifeng Tangneng Renewable Power Co., Ltd. (赤峰唐能新能源有限公司)	334,380	100%	–

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

31. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (Continued)

Name	Registered and fully paid-in capital	Proportion of equity interest held by	
		The Group	Non- controlling interests
Datang Wuzhong Renewable Power Co., Ltd. (大唐吳忠新能源有限公司)	190,167	100%	–
Datang Yumen Changma Wind Power Generation Co., Ltd. (大唐玉門昌馬風電有限 公司)	298,644	100%	–
Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. (大唐(通遼)霍林河新能源有限 公司)	528,590	100%	–
Datang Sanmenxia Wind Power Generation Co., Ltd. (大唐三門峽風力發電有限公司)	172,320	90%	10%
Datang Xiangyang Wind Power Generation Co., Ltd. (大唐向陽風電有限公司)	675,900	100%	–
Datang (Chaoyang) Renewable Power Co., Ltd. (大唐(朝陽)新能源有限公司)	Paid-in capital: 384,446 Registered capital: 405,475	60%	40%
Shanghai Dong Hai Wind Power Generation Co., Ltd. (上海東海風力發電有限公司) ("Shanghai Dong Hai") (Note (i))	861,000	28%	72%
Datang Sanhe (Lin Xi) Renewable Power Co., Ltd. (大唐三合(林西)新能源有限公司) ("Sanhe (Lin Xi)")	183,370	51%	49%

All English names represent the Company's directors' best effort of translations and are for reference only. The official names of these entities are in Chinese.

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

31. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

Notes:

- (i) The Company has power to govern the financial and operating policies of Shanghai Dong Hai and certain subsidiaries by virtue of acting in concert arrangements with other shareholders of these subsidiaries who undertook to act in concert with the Group. These subsidiaries are included in the consolidation. All the subsidiaries have share capital consisting solely of paid-in capital.
- (ii) At 31 December 2015, the Company's share in paid-in capital of certain subsidiaries differed from its proportionate share in share capital as specified in the Article of Association, due to the delay in capital injection by certain shareholders. As a consequence, the Company's effective interest held was determined in accordance with the Articles of Association of respective entities, or the share in paid-in capital as mutually agreed among respective shareholders.
- (iii) During the year ended 31 December 2015, the Company's equity interests in certain directly controlled subsidiaries were diluted through the capital injection by third party shareholders, which resulted in loss of control in these subsidiaries. The carrying amount of these equity interests amounted to RMB4.0 million, and the total net assets of the subsidiaries disposed of in aggregate amounted to RMB4.0 million.
- (iv) During the year ended 31 December 2015, the Group disposed a subsidiary with net assets in aggregate amounting to RMB4.75 million for a consideration amounting to RMB4.75 million as disclosed in Note 33. There was no gain or loss for the disposal.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests		
Chifeng Renewable	40%	40%
Shanghai Dong Hai	72%	72%
Sanhe (Lin Xi)	49%	49%
Profit/(Loss) for the year allocated to non-controlling interests		
Chifeng Renewable	47,904	53,266
Shanghai Dong Hai	(1,555)	(23,835)
Sanhe (Lin Xi)	19,087	19,978
Dividends paid to non-controlling interests		
Chifeng Renewable	46,597	50,256
Shanghai Dong Hai	–	–
Sanhe (Lin Xi)	17,060	–
Accumulated balances of non-controlling interests at the reporting dates		
Chifeng Renewable	946,532	948,566
Shanghai Dong Hai	603,571	487,766
Sanhe (Lin Xi)	129,752	127,560

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2015	Chifeng Renewable	Shanghai Dong Hai	Sanhe (Lin Xi)
Revenue	578,670	253,577	116,201
Total cost and expenses	(458,910)	(255,736)	(77,235)
Profit/(Loss) for the year	119,760	(2,159)	38,966
Total comprehensive income/(loss) for the year	119,760	(2,159)	38,966
Current assets	443,700	265,012	112,575
Non-current assets	4,501,257	3,276,277	769,876
Current liabilities	(912,277)	(193,082)	(42,848)
Non-current liabilities	(1,635,888)	(2,509,914)	(574,709)
Net cash flows from operating activities	1,025,610	9,123	161,430
Net cash flows used in investing activities	(354,277)	(209,241)	(71,696)
Net cash flows used in financing activities	(651,516)	(212,393)	(88,416)
Effect of foreign exchange rate changes, net	(184)	–	1
Net increase/(decrease) in cash and cash equivalents	19,633	(412,511)	1,319

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

2014	Chifeng Renewable	Shanghai Dong Hai	Sanhe (Lin Xi)
Revenue	586,568	179,933	114,715
Total cost and expenses	(456,512)	(213,037)	(89,270)
Profit/(Loss) for the year	130,056	(33,104)	25,445
Total comprehensive income/(loss) for the year	130,056	(33,104)	25,445
Current assets	850,365	567,729	110,639
Non-current assets	4,243,420	3,195,101	809,657
Current liabilities	(832,012)	(828,968)	(38,294)
Non-current liabilities	(1,868,248)	(2,210,769)	(621,427)
Net cash flows from operating activities	464,550	261,140	126,571
Net cash flows used in investing activities	(44,533)	(785,236)	(55,541)
Net cash flows from/(used in) financing activities	(422,292)	963,101	(71,054)
Effect of foreign exchange rate changes, net	–	–	24
Net increase/(decrease) in cash and cash equivalents	(2,275)	439,005	–

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

33. DISPOSAL OF SUBSIDIARIES

2015

On 12 June 2015, the Group signed an equity transfer agreement to sell the 95% equity interest in Suichuan Datang Hanye Corporation Ltd. ("Suichuan Hanye") for a consideration of RMB4.75 million. The disposal was completed on 30 September 2015.

The details of the net assets disposed of are as follows:

	30 September 2015
<hr/>	
Net assets disposed of:	
Property, plant and equipment	8,683
Other payables and accrued expenses	(3,683)
Non-controlling interests	(250)
Net assets	<hr/> 4,750
Satisfied by:	
Cash	<hr/> <hr/> 4,750

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

33. DISPOSAL OF SUBSIDIARIES (Continued)

2015 (Continued)

An analysis of the cash flows of cash and cash equivalents in respect of the disposal of Suichuan Hanye is as follows:

	2015
Cash consideration	4,750
Cash and bank balance disposed of	—
Net inflow of cash and cash equivalents in respect of the disposal of Suichuan Hanye	<u>4,750</u>

During the year ended 31 December 2015, the Company's equity interests in certain directly controlled subsidiaries were diluted through the capital injection by third party shareholders, which resulted in loss of control in these subsidiaries. These equity interests' carrying amount of RMB4.0 million, and the total net assets of the subsidiaries disposed of in aggregate amounted to RMB4.0 million.

2014

During the year of 2014, the Company's equity interests in certain directly controlled subsidiaries were diluted through the capital injection by third party shareholders, which resulted in loss of control in these subsidiaries. These equity interests' carrying amount of RMB18.9 million, and the total net assets of the subsidiaries disposed of in aggregate amounted to RMB19.0 million.

34. CONTINGENT LIABILITIES

As at 31 December 2015 and 2014, the Group had no significant contingent liabilities.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

35. COMMITMENTS

(a) Capital commitments of property, plant and equipment

	As at 31 December	
	2015	2014
Contracted, but not provided for	<u>4,689,147</u>	<u>4,779,861</u>

(b) Commitments under operating leases

The future aggregate minimum lease payments as at 31 December 2015 pursuant to non-cancellable lease agreements entered into by the Group are summarised as follows:

	As at 31 December	
	2015	2014
Within one year	9,097	1,471
In the second to fifth years, inclusive	20,815	770
After five years	<u>18,600</u>	–
	<u>48,512</u>	<u>2,241</u>

36. EVENTS AFTER THE REPORTING PERIOD

No significant events after the end of the reporting period are noted.

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2015	2014
Assets		
Non-current assets		
Property, plant and equipment	378,450	390,315
Intangible assets	7,272	8,449
Investments in subsidiaries	16,260,063	15,406,992
Investments in associates and joint ventures	179,151	175,151
Financial assets at fair value through other comprehensive income	2,000	2,000
Financial assets at fair value through profit or loss	8,900	8,900
Value-added tax recoverable	892	1,282
Prepayments and other receivables	7,367,800	6,438,359
Total non-current assets	24,204,528	22,431,448
Current assets		
Inventories	354	2
Trade and bills receivable	56,814	106,712
Prepayments and other receivables	6,073,835	4,888,674
Time deposits	–	350,000
Cash and cash equivalents	435,431	1,333,845
Total current assets	6,566,434	6,679,233
Total assets	30,770,962	29,110,681

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	As at 31 December	
	2015	2014
Liabilities		
Current liabilities		
Interest-bearing bank and other borrowings	10,053,563	5,172,510
Trade and bills payables	269,869	37,705
Current income tax liabilities	2,142	2,142
Accruals and other payables	268,808	285,873
Total current liabilities	10,594,382	5,498,230
Net current assets/(liabilities)	(4,027,948)	1,181,003
Non-current liabilities		
Interest-bearing bank and other borrowings	7,414,759	10,567,095
Accruals and other payables	10,321	13,110
Total non-current liabilities	7,425,080	10,580,205
Net assets	12,751,500	13,032,246
Equity		
Equity attributable to owners of the Company		
Share capital	7,273,701	7,273,701
Share premium	2,080,969	2,080,969
Perpetual notes payable	1,979,325	1,979,325
Retained earnings/(accumulated losses)	(50,371)	230,375
Other reserves	1,467,876	1,467,876
Total equity	12,751,500	13,032,246

Notes to Financial Statements (Continued)

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

A summary of the Company's retained earnings and other reserves is as follows:

	Retained earnings	Other reserves		Total
		Statutory surplus <i>(Note (i))</i>	Others <i>(Note (ii))</i>	
At 1 January 2014	518,249	117,802	1,349,341	1,467,143
Loss for the year	(266,053)	–	–	–
Share of reserves of investments in associates and joint ventures	–	–	733	733
Dividends	(21,821)	–	–	–
At 31 December 2014	230,375	117,802	1,350,074	1,467,876
At 1 January 2015	230,375	117,802	1,350,074	1,467,876
Loss for the year	(164,746)	–	–	–
Appropriation to perpetual notes holders	(116,000)	–	–	–
At 31 December 2015	(50,371)	117,802	1,350,074	1,467,876

Notes to Financial Statements *(Continued)*

31 December 2015

(Amounts expressed in thousands of RMB unless otherwise stated)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(i) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, the Company is required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of the PRC, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the registered capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

(ii) Other reserves

Other reserves of the Company are mainly the difference between the fair value of assets injected by Datang Corporation and its share in the share capital as part of the reorganisation, and merger reserves arising from business combinations under common control.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2016.

Glossary of Terms

“Articles of Association”	the Articles of Association of the Company
“average on-grid tariff”	electricity sales revenue in a period divided by the corresponding electricity sales in such period
“average utilization hours”	the consolidated power generation in a specified period (in MWH or GWH) divided by the average consolidated installed capacity in the same period (in MW or GW)
“biomass”	plant material, vegetation or agricultural waste used as a fuel or energy source
“Board”	the board of Directors of the Company
“capacity”	if used alone, is an abbreviated form of installed capacity for operating projects, constructing capacity for projects under construction, or prospective capacity for pipeline projects (as the case may be)
“CDM”	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
“CER”	certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a designated operating entity under the Kyoto Protocol
“consolidated installed capacity”	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements only. This is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies



Glossary of Terms *(Continued)*

“consolidated power generation”	the aggregate gross power generation of our project companies that we fully consolidate in our financial statements for a specified period
“constructing capacity”	the capacity of projects under construction
“Datang Corporation”	China Datang Corporation (中國大唐集團公司), a state-owned corporation established in the PRC and a controlling shareholder and one of the Promoters of our Company
“Datang Financial Leasing” or “DFL”	Datang Financial Leasing Co., Ltd (大唐融資租賃有限公司), a company incorporated in the PRC with limited liability, which is a fellow subsidiary as well as an associate of the Company
“Datang Renewable (Hong Kong)”	Datang Renewable Power (Hong Kong) Co., Ltd. (大唐新能源(香港)有限公司), a company with limited liability incorporated in Hong Kong
“Datang Finance”	China Datang Corporation Finance Company Limited (中國大唐集團財務有限公司)
“Datang Jilin”	Datang Jilin Power Generation Company Limited (大唐吉林發電有限公司), a wholly-owned subsidiary of Datang Corporation and also our controlling shareholder and one of the Promoters of the Group
“electricity sales”	gross power generation less (i) auxiliary electricity; and (ii) the electricity generated during the construction and testing period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the electricity sales revenue, but is offset against the cost of property, plant and equipment

Glossary of Terms (Continued)

“EPC”	energy performance contracting, an energy-saving service mechanism that an energy services company contractually guarantees to its customer that a certain amount of energy savings will be achieved and to such end it will provide necessary services to the customer which, in return, will pay the energy services company the costs it incurs for such services plus a reasonable profit
“generating capacity”	the capacity of wind turbines that have started to produce electricity, which capacity corresponds to the amount of power generation salable to the power grid companies plus the auxiliary electricity
“gross power generation”	for a specified period, the total amount of electricity produced by a power plant in that period, including electricity sales, auxiliary electricity and electricity generated during the construction and testing period
“Group” or “we” or “us”	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司) and its subsidiaries
“GW”	unit of power, gigawatt. 1 GW=1,000 MW
“GWh”	unit of energy, gigawatt-hour. 1 GWh=1 million kWh
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“installed capacity”	the capacity of those wind power projects in which the wind turbines have been completely assembled and erected
“kV”	unit of voltage, kilovolt. 1 kV=1,000 volts
“kW”	unit of energy, kilowatt. 1 kW=1,000 watts
“kWh”	unit of energy, kilowatt-hour. The standard unit of energy generally used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour

Glossary of Terms (Continued)



“Latest Practicable Date”	25 April 2016, being the latest practicable date prior to the printing of this report for ascertaining certain information contained in this report
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MW”	unit of energy and unit of power, megawatt. 1MW=1,000 kW. The installed capacity of power plants is generally expressed in MW
“MWh”	unit of energy, megawatt-hour. 1 MWh=1,000 kWh
“on-grid tariff”	the price of electricity per kWh for which a power project could sell the electricity it generated to the power grid companies. On-grid tariff includes (1) benchmark or approved on-grid tariff; (2) tariff premiums for wind power companies to compensate the costs of transmission lines that wind power companies constructed and owned (if applicable); and/or (3) discretionary tariff subsidies granted by the local government (if applicable)
“operating projects” or “projects in operation”	projects in which the wind turbines have been completely assembled and erected
“Our Company” or “Company”	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司)
“PBOC” or “People’s Bank of China”	the People’s Bank of China
“pipeline projects”	wind power projects that have been identified and reserved for future development pursuant to the wind energy investment and development agreements that we entered into with local governments at all levels under which we are authorized to develop wind farms at specified sites with certain estimated total capacity

Glossary of Terms (Continued)

“PRC”	the People’s Republic of China, unless it has specifically specified, it excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“projects under construction”	projects for which the construction work on the roads, foundations or electrical infrastructure have commenced, the approvals of the NDRC or provincial DRC have received and detailed engineering and construction blueprints have been completed
“prospective capacity”	the capacity of pipeline projects reserved for future development
“renewable energy sources”	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, sunlight or water (based on industry consensus, hydro power less than 50 MW is categorized as renewable energy, which is encouraged by the Renewable Energy Law)
“RMB”	Renminbi, the current lawful currency of the PRC
“Shanghai Leasing Company”	Shanghai Datang Finance Leasing Co., Ltd.* (上海大唐融資租賃有限公司), a company incorporated in the PRC and an indirectly-owned subsidiary of Datang
“smart grid”	generally used in the power industry to refer to a new type of power grid based on integrated, high-speed and two-way communication network, which is expected to lead to improvements in the reliability, compatibility, safety and efficiency of the power grids and cost reduction through the application of advanced sensor and measurement technologies, equipment technologies, control method and decision-making support system



Glossary of Terms *(Continued)*

“total installed capacity,” “total generating capacity” or “total constructing capacity”	the aggregate amount of installed capacity, generating capacity or constructing capacity of our projects that we fully consolidate in our consolidated financial statements
“USD”	United States dollars, the current lawful currency of the United States
“weighted average on-grid tariff”	electricity sales revenue in a period divided by the corresponding electricity sales in such period
“%”	per cent

Corporate Information

LEGAL NAME OF THE COMPANY

中國大唐集團新能源股份有限公司

ENGLISH NAME OF THE COMPANY

China Datang Corporation Renewable Power Co., Limited*

REGISTERED OFFICE

Room 149, Building 1, No. 3, Xijing Road, Badachu Hi-tech Zone, Shijingshan District, Beijing, the PRC

HEAD OFFICE IN THE PRC

8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Wang Yeping

AUTHORIZED REPRESENTATIVES

Ms. Kwong Yin Ping, Yvonne

Mr. Zhang Chunlei

* *For identification purpose only*

Corporate Information *(Continued)*



JOINT COMPANY SECRETARIES

Mr. Chen Yong

Ms. Kwong Yin Ping, Yvonne

COMMITTEES UNDER THE BOARD

Audit Committee

Mr. Lo Mun Lam, Raymond *(Independent non-executive Director) (Chairman)*

Mr. Guo Shuping *(Non-executive Director)*

Mr. Yu Shunkun *(Independent non-executive Director)*

Nomination Committee

Mr. Liu Chaoan *(Independent non-executive Director) (Chairman)*

Mr. Kou Bing'en *(Non-executive Director)*

Mr. Lo Mun Lam, Raymond *(Independent non-executive Director)*

Remuneration and Assessment Committee

Mr. Yu Shunkun *(Independent non-executive Director) (Chairman)*

Mr. Zhang Chunlei *(Executive Director)*

Mr. Liu Chaoan *(Independent non-executive Director)*

Corporate Information *(Continued)*

Strategic Committee

Mr. Zhang Chunlei *(Executive Director) (Chairman)*

Mr. An Hongguang *(Non-executive Director)*

Mr. Hu Guodong *(Executive Director)*

AUDITORS

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As to the PRC law

Zhong Lun Law Firm

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Corporate Information (Continued)



PRINCIPAL BANKS

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- Bank of Communications Co., Ltd. Beijing Branch
No. 33 Financial Street, Xicheng District, Beijing, the PRC
- China Development Bank Co., Ltd.
No. 29 Fuchengmenwai Avenue, Xicheng District, Beijing, the PRC
- Standard Chartered Bank (China) Limited
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Corporate Information *(Continued)*

STOCK CODE

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