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## China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

### Results Announcement for Year 2015

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the year ended 31 December 2015.

#### Financial Highlights

	Year ended 31 December		
	2015	2014	Change
	<i>RMB'000</i>	<i>RMB'000</i>	%
Revenue	<b>20,196,670</b>	20,447,151	-1.23
Profit for the year	<b>5,329,598</b>	3,642,532	46.32
Profit attributable to owners of the Company	<b>4,149,018</b>	2,765,886	50.01
	<i>RMB</i>	<i>RMB</i>	%
Basic earnings per share	<b>0.58</b>	0.42	38.10
Proposed final dividend	<b>0.232</b>	0.168	38.10
	<i>MWh</i>	<i>MWh</i>	%
Total power generation	<b>63,531,141</b>	61,692,480	2.98
Total electricity sold	<b>60,868,493</b>	58,957,127	3.24

- The decrease in revenue was mainly due to the downward adjustments of on-grid tariffs for coal-fired power generating companies. During the year under review, the effect of such downward adjustments of on-grid tariffs was partly offset by the green electricity subsidies for some of our coal-fired power plants and the increase of electricity sold from hydropower generation.
- The increase in profit for the year and profit attributable to owners were mainly due to an one-off after tax gain on disposal of part of the Company’s interest in Shanghai Power of approximately RMB827,207,000, the substantial decline in fuel costs for coal-fired power generation, the increase of electricity sold from hydropower generation and its related value-added tax refunds for clean energy, and the government grants obtained from closing down outdated coal-fired power generating units.
- For the year under review, hydropower and wind power electricity sales recorded a steady growth. Save for the one-off gain on disposal of partial interest in Shanghai Power, the profit attributable to owners increased by 20.10% as compared to the previous year.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

		Year ended 31 December	
	Note	2015	2014
		RMB'000	RMB'000
Revenue	2	<b>20,196,670</b>	20,447,151
Other income	3	<b>551,873</b>	396,985
Fuel costs		<b>(6,141,811)</b>	(7,941,928)
Depreciation		<b>(3,033,403)</b>	(2,819,811)
Staff costs		<b>(1,931,765)</b>	(1,599,793)
Repairs and maintenance		<b>(630,500)</b>	(704,839)
Consumables		<b>(308,581)</b>	(235,792)
Other gains/(losses), net	4	<b>856,593</b>	(247,437)
Other operating expenses		<b>(1,697,287)</b>	(1,404,743)
Operating profit	5	<b>7,861,789</b>	5,889,793
Finance income	6	<b>42,866</b>	52,430
Finance costs	6	<b>(2,238,296)</b>	(2,366,120)
Share of profits of associates		<b>740,551</b>	640,374
Share of profits of joint ventures		<b>146,114</b>	86,270
Profit before taxation		<b>6,553,024</b>	4,302,747
Income tax expense	7	<b>(1,223,426)</b>	(660,215)
Profit for the year		<b>5,329,598</b>	3,642,532
Attributable to:			
Owners of the Company		<b>4,149,018</b>	2,765,886
Non-controlling interests		<b>1,180,580</b>	876,646
		<b>5,329,598</b>	3,642,532
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB per share)			
- Basic	8	<b>0.58</b>	0.42
- Diluted	8	<b>0.56</b>	0.38
Dividends		<b>1,706,398</b>	1,169,870

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit for the year	5,329,598	3,642,532
Other comprehensive income/(expenses) that may be subsequently reclassified to profit or loss:		
- Fair value gain on available-for-sale financial assets, net of tax	2,648,487	959,240
- Release on disposal of available-for-sale financial assets, net of tax	(881,395)	-
Total comprehensive income for the year, net of tax	<u>7,096,690</u>	<u>4,601,772</u>
Attributable to:		
Owners of the Company	5,916,110	3,725,126
Non-controlling interests	<u>1,180,580</u>	<u>876,646</u>
Total comprehensive income for the year	<u>7,096,690</u>	<u>4,601,772</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		As at 31 December	
	Note	2015	2014
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>68,130,725</b>	66,741,330
Prepayments for construction of power plants		<b>1,412,492</b>	432,289
Prepaid lease payments		<b>714,870</b>	700,762
Goodwill		<b>835,165</b>	835,165
Interests in associates		<b>2,950,049</b>	2,718,235
Interests in joint ventures		<b>555,253</b>	632,636
Available-for-sale financial assets	10	<b>5,502,373</b>	3,305,780
Other non-current assets		<b>241,548</b>	382,773
Deferred income tax assets		<b>158,213</b>	106,442
Restricted deposits		<b>330,032</b>	300,000
Derivative financial instruments	11	<b>202,840</b>	-
		<b>81,033,560</b>	76,155,412
<b>Current assets</b>			
Inventories		<b>319,101</b>	493,598
Prepaid lease payments		<b>16,053</b>	15,482
Accounts receivable	12	<b>2,637,936</b>	2,239,128
Prepayments, deposits and other receivables		<b>620,202</b>	790,723
Amounts due from related parties		<b>77,525</b>	335,580
Tax recoverable		<b>3,909</b>	8,053
Restricted deposits		<b>6,809</b>	41,353
Cash and cash equivalents		<b>1,528,017</b>	1,126,917
		<b>5,209,552</b>	5,050,834
Assets held for sale		-	589,545
		<b>5,209,552</b>	5,640,379
<b>Total assets</b>		<b>86,243,112</b>	81,795,791

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2015</b>	2014
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		<b>13,534,145</b>	12,730,145
Reserves		<b>13,786,383</b>	9,133,624
		<hr/>	<hr/>
		<b>27,320,528</b>	21,863,769
Non-controlling interests		<b>6,905,271</b>	5,385,992
		<hr/>	<hr/>
Total equity		<b>34,225,799</b>	27,249,761
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income		<b>42,889</b>	31,423
Bank borrowings		<b>25,979,727</b>	25,584,998
Borrowings from related parties		<b>2,303,511</b>	2,484,816
Other borrowings	13	<b>2,997,530</b>	3,729,444
Obligations under finance leases	14	<b>1,180,095</b>	1,158,171
Deferred income tax liabilities		<b>1,968,569</b>	1,354,453
Provisions for other long-term liabilities	15	<b>906,339</b>	936,257
		<hr/>	<hr/>
		<b>35,378,660</b>	35,279,562
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2015</b>	2014
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>			
Accounts and bills payables	16	<b>619,245</b>	1,101,550
Construction costs payable		<b>3,409,170</b>	3,409,235
Other payables and accrued charges		<b>1,253,340</b>	1,261,230
Amounts due to related parties		<b>692,782</b>	453,501
Bank borrowings		<b>6,862,469</b>	7,966,279
Borrowings from related parties		<b>713,800</b>	1,370,295
Other borrowings	13	<b>2,448,080</b>	3,135,700
Current portion of obligations under finance leases	14	<b>202,573</b>	118,950
Taxation payable		<b>437,194</b>	449,728
		<b>16,638,653</b>	19,266,468
		<b>52,017,313</b>	54,546,030
<b>Total liabilities</b>		<b>86,243,112</b>	81,795,791
<b>Total equity and liabilities</b>		<b>11,429,101</b>	13,626,089
<b>Net current liabilities</b>		<b>69,604,459</b>	62,529,323
<b>Total assets less current liabilities</b>			

## General Information

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

The financial information relating to the year ended 31 December 2015 included in this announcement of annual results 2015 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## Notes to the Financial Statements

### 1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). These consolidated financial statements have been prepared under the historical cost convention except that certain available-for-sale financial assets and the derivative financial instruments are measured at fair value, as appropriate.

As at 31 December 2015, the Group had net current liabilities of RMB11,429,101,000. In preparing these consolidated financial statements, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 31 December 2015, the Group had unutilized banking and short-term debenture facilities available amounting to approximately RMB22,885,820,000 and will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared these consolidated financial statements on a going concern basis.

The provisions of the new Hong Kong Companies Ordinance (Cap.622 of the Laws of Hong Kong) (the "new CO") regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Companies Ordinance (Cap. 32 of the Laws of Hong Kong) or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2015:

Amendments to HKAS 19	Defined Benefit Plans : Employee Contributions
Amendments to HKFRSs	Annual Improvements 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements 2011-2013 Cycle

The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

(b) New standards and amendments to standards not yet adopted by the Group

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group:

HKFRS 9	Financial Instruments <sup>(1)</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>(1)</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>(2)</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>(2)</sup>
Amendments to HKAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortization <sup>(2)</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>(2)</sup>
Amendments to HKAS 16 and 41	Agriculture: Bearer Plants <sup>(2)</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>(2)</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(3)</sup>
Amendments to HKFRS 10, 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>(2)</sup>

(1) Effective for annual periods beginning on or after 1 January 2018

(2) Effective for annual periods beginning on or after 1 January 2016

(3) Effective for annual periods beginning on or after a date to be determined

The Group will apply the above new standards and amendments to standards from 1 January 2016 or later periods and has already commenced an assessment of the related impact to the Group. The Group expects that there will be no material changes to the Group's significant accounting policies and presentation of the financial information on adoption of the above new standards and amendments to standards.



## 2 Turnover, revenue and segment information

Revenue, representing turnover net of sales related taxes, recognized during the year is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Sales of electricity to regional and provincial power grid companies (note (a))	20,173,845	20,429,306
Provision for power generation and related services (note (b))	22,825	17,845
	<u>20,196,670</u>	<u>20,447,151</u>

Notes:

- (a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the People's Republic of China (the "PRC").
- (b) Provision for power generation and related services represents income from the provision of power generation and related services to other power plants and power grid companies in the PRC which are calculated based on mutually agreed terms.

### Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Currently, it is determined that the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity" in the PRC are the reportable segments of the Group meeting the quantitative thresholds required by HKFRS 8. Although the "Generation and sales of wind power electricity" does not meet such quantitative thresholds required for reportable segments, the management has concluded since the year ended 31 December 2014 that this segment should also be reported, as it is closely monitored by the CODM as a potential growth business and is expected to gradually increase its contribution to the Group's results in the future.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from and gain on disposal of available-for-sale financial assets, if any. Other information provided to the CODM is measured in a manner consistent with that in these consolidated financial statements.

Segment assets exclude available-for-sale financial assets, derivative financial instruments, deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude taxation payable, deferred income tax liabilities and corporate liabilities, which are managed on a central basis.

	Year ended 31 December 2015				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Others RMB'000	Total RMB'000
<b>Revenue</b>					
Sales of electricity	14,483,727	5,537,358	152,760	-	20,173,845
Provision for power generation and related services	22,825	-	-	-	22,825
	<b>14,506,552</b>	<b>5,537,358</b>	<b>152,760</b>	<b>-</b>	<b>20,196,670</b>
<b>Segment results</b>	<b>3,352,518</b>	<b>3,573,129</b>	<b>30,302</b>	<b>-</b>	<b>6,955,949</b>
Unallocated income	-	-	-	1,444,503	1,444,503
Unallocated expenses	-	-	-	(538,663)	(538,663)
<b>Operating profit</b>	<b>3,352,518</b>	<b>3,573,129</b>	<b>30,302</b>	<b>905,840</b>	<b>7,861,789</b>
Finance income	6,583	13,883	349	22,051	42,866
Finance costs	(602,829)	(1,276,188)	(12,636)	(346,643)	(2,238,296)
Share of profits of associates	732,584	-	-	7,967	740,551
Share of profits/(losses) of joint ventures	162,137	-	-	(16,023)	146,114
<b>Profit before taxation</b>	<b>3,650,993</b>	<b>2,310,824</b>	<b>18,015</b>	<b>573,192</b>	<b>6,553,024</b>
Income tax expenses (charge)/credit	(553,288)	(374,896)	6,818	(302,060)	(1,223,426)
<b>Profit for the year</b>	<b>3,097,705</b>	<b>1,935,928</b>	<b>24,833</b>	<b>271,132</b>	<b>5,329,598</b>
<b>Other segment information</b>					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	3,925,943	413,533	1,139,719	1,276	5,480,471
Depreciation of property, plant and equipment	1,745,360	1,218,096	60,689	9,258	3,033,403
Amortization of prepaid lease payments	9,204	5,405	25	1,406	16,040
Loss on disposal of property, plant and equipment, net	196,567	83	-	-	196,650
Impairment of property, plant and equipment	291,701	32,576	-	-	324,277
Impairment of interest in a joint venture	-	-	-	156,370	156,370
Impairment of inventories	7,075	-	-	-	7,075

	As at 31 December 2015				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Others RMB'000	Total RMB'000
<b>Segment assets</b>					
Other segment assets	35,536,059	36,612,423	2,670,719	-	74,819,201
Goodwill	67,712	767,453	-	-	835,165
Interests in associates	2,851,030	-	-	99,019	2,950,049
Interests in joint ventures	484,693	-	-	70,560	555,253
	<u>38,939,494</u>	<u>37,379,876</u>	<u>2,670,719</u>	<u>169,579</u>	<u>79,159,668</u>
Available-for-sale financial assets					5,502,373
Derivative financial instruments					202,840
Deferred income tax assets					158,213
Other unallocated assets					<u>1,220,018</u>
<b>Total assets per consolidated statement of financial position</b>					<u><u>86,243,112</u></u>
<b>Segment liabilities</b>					
Other segment liabilities	(4,720,479)	(2,912,194)	(243,358)	-	(7,876,031)
Borrowings	(12,088,645)	(22,546,892)	(939,500)	(5,730,080)	(41,305,117)
	<u>(16,809,124)</u>	<u>(25,459,086)</u>	<u>(1,182,858)</u>	<u>(5,730,080)</u>	<u>(49,181,148)</u>
Taxation payable					(437,194)
Deferred income tax liabilities					(1,968,569)
Other unallocated liabilities					<u>(430,402)</u>
<b>Total liabilities per consolidated statement of financial position</b>					<u><u>(52,017,313)</u></u>

	<b>Year ended 31 December 2014</b>				
	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Wind power electricity</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>					
Sales of electricity	15,348,852	4,986,781	93,673	-	20,429,306
Provision for power generation and related services	17,845	-	-	-	17,845
	<u>15,366,697</u>	<u>4,986,781</u>	<u>93,673</u>	<u>-</u>	<u>20,447,151</u>
<b>Segment results</b>	2,887,665	3,040,611	27,068	-	5,955,344
Unallocated income	-	-	-	149,241	149,241
Unallocated expenses	-	-	-	(214,792)	(214,792)
<b>Operating profit</b>	2,887,665	3,040,611	27,068	(65,551)	5,889,793
Finance income	8,416	16,047	76	27,891	52,430
Finance costs	(931,560)	(1,373,147)	(30,500)	(30,913)	(2,366,120)
Share of profits of associates	623,909	-	-	16,465	640,374
Share of profits/(losses) of joint ventures	98,349	-	-	(12,079)	86,270
<b>Profit/(loss) before taxation</b>	2,686,779	1,683,511	(3,356)	(64,187)	4,302,747
Income tax expenses (charge)/credit	(293,211)	(368,052)	3,655	(2,607)	(660,215)
<b>Profit/(loss) for the year</b>	<u>2,393,568</u>	<u>1,315,459</u>	<u>299</u>	<u>(66,794)</u>	<u>3,642,532</u>
<b>Other segment information</b>					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments					
	3,720,287	3,311,630	725,772	10,500	7,768,189
Depreciation of property, plant and equipment	1,656,952	1,123,461	29,877	9,521	2,819,811
Amortization of prepaid lease payments	10,396	4,358	-	1,144	15,898
Loss/(gain) on disposal of property, plant and equipment, net	206,837	526	1,524	(126)	208,761
Impairment of other receivables	-	67	-	-	67
Impairment of property, plant and equipment	180,665	-	-	-	180,665
Impairment of assets held for sale	-	77,802	-	-	77,802
Impairment of inventories	4,096	-	-	-	4,096

**As at 31 December 2014**

	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Wind power electricity</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment assets</b>					
Other segment assets	34,203,413	37,143,924	1,049,309	-	72,396,646
Goodwill	67,712	767,453	-	-	835,165
Interests in associates	2,650,417	23,851	-	43,967	2,718,235
Interests in joint ventures	389,684	-	-	242,952	632,636
Assets held for sale	-	589,545	-	-	589,545
	<u>37,311,226</u>	<u>38,524,773</u>	<u>1,049,309</u>	<u>286,919</u>	<u>77,172,227</u>
Available-for-sale financial assets					3,305,780
Deferred income tax assets					106,442
Other unallocated assets					<u>1,211,342</u>
<b>Total assets per consolidated statement of financial position</b>					<u><u>81,795,791</u></u>
<b>Segment liabilities</b>					
Other segment liabilities	(4,477,015)	(3,512,016)	(162,471)	-	(8,151,502)
Borrowings	(18,168,870)	(24,837,662)	(587,500)	(677,500)	(44,271,532)
	<u>(22,645,885)</u>	<u>(28,349,678)</u>	<u>(749,971)</u>	<u>(677,500)</u>	<u>(52,423,034)</u>
Taxation payable					(449,728)
Deferred income tax liabilities					(1,354,453)
Other unallocated liabilities					<u>(318,815)</u>
<b>Total liabilities per consolidated statement of financial position</b>					<u><u>(54,546,030)</u></u>

All revenues from external customers are generated from the PRC. Except that certain cash and bank balances equivalent to approximately RMB397,027,000 were deposited in certain banks in Hong Kong at 31 December 2015 (2014: approximately RMB235,000,000), substantially all of the Group's assets, liabilities and capital expenditure are located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. During the year ended 31 December 2015, the Group's external revenue amounting to approximately RMB15,583,354,000 (2014: RMB16,679,000,000) was generated from 4 (2014: 5) major customers, each of which accounted for 10% or more of the Group's external revenue.

### 3 Other income

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income	71,158	65,612
Hotel operations income	35,116	34,729
Income from the provision of repairs and maintenance services	57,656	44,209
Dividend income	95,343	84,399
Management fee income	41,010	26,770
Value-added tax refund (note)	237,601	128,488
Compensation income	13,989	12,778
	<u>551,873</u>	<u>396,985</u>

Note:

To support the development of the hydropower industry and standardize the value added tax (“VAT”) policies applicable to large-scale hydropower companies, in February 2014, the Ministry of Finance and State Administration of Taxation jointly released Caishui [2014] No. 10 (“Circular 10”). Circular 10 specifies that hydropower plants with installed capacity over 1 million kilowatt and selling self-produced electricity products could apply for VAT preferential policies. Eligible enterprises are entitled to a refund of the portion of actual VAT paid which exceeds 8% and 12% of the relevant revenue for the period from 1 January 2013 to 31 December 2015 and the period from 1 January 2016 to 31 December 2017, respectively.

### 4 Other gains/(losses), net

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Amortization of deferred income	2,317	1,659
Government subsidies (note)	190,189	3,294
Gain on disposal of emission quota	4,143	632
Loss on disposal of property, plant and equipment, net	(196,650)	(208,761)
Gain on disposal of available-for-sale financial assets	1,175,193	-
Fair value gain on derivative financial instruments	61,083	-
Sales of unused power production quota	55,731	200,793
Impairment of property, plant and equipment	(324,277)	(180,665)
Impairment of interest in a joint venture	(156,370)	-
Impairment of assets held for sale	-	(77,802)
Profits on trading of coal, coal by-products and spare parts	36,212	11,695
Others	9,022	1,718
	<u>856,593</u>	<u>(247,437)</u>

Note:

The government subsidies received by the Group during the year ended 31 December 2015 mainly comprise of government grants of RMB180,000,000 in relation to the Group's effort in shutting down its outdated power generators during the years of 2012 and 2013. Such government grants are unconditional and all the related costs for which such grants are intended to compensate had been charged to the profit or loss in previous years, therefore the grants received during the year ended 31 December 2015 is recognized directly in the consolidated income statement as other gains.

## 5 Operating profit

Operating profit is stated after charging the following:

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Amortization of prepaid lease payments	<b>16,040</b>	15,898
Auditor's remuneration	<b>6,459</b>	7,734
Depreciation of property, plant and equipment		
- owned property, plant and equipment	<b>2,957,006</b>	2,776,829
- property, plant and equipment under finance leases	<b>76,397</b>	42,982
Operating lease rental expenses in respect of		
- equipment	<b>7,061</b>	11,417
- leasehold land and buildings	<b>44,307</b>	42,783
Impairment of other receivables	-	67
Impairment of inventories	<b>7,075</b>	4,096
Reservoir maintenance and usage fees	<b>141,996</b>	130,738
Cost of purchase electricity quota and unused power production quota	<b>105,471</b>	27,463
Staff costs including directors' emoluments	<b>1,931,765</b>	1,599,793
Write-off of pre-operating expenses	<b>58,445</b>	28,194

## 6 Finance income and finance costs

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Finance income</b>		
Interest income from bank deposits	39,888	36,780
Interest income from an associate	2,900	14,449
Interest income from a related party	78	244
Interest income from a fellow subsidiary	-	957
	<u>42,866</u>	<u>52,430</u>
<b>Finance costs</b>		
Interest expense on		
- bank borrowings	1,786,222	2,134,997
- long-term borrowings from related parties	164,701	203,482
- short-term borrowings from related parties	19,714	17,050
- long-term other borrowings	188,233	229,217
- short-term other borrowings	10,754	16,660
- amount due to intermediate holding company	2,923	843
- obligations under finance leases	72,518	36,410
- provisions for other long-term liabilities (Note 15)	85,136	66,644
	<u>2,330,201</u>	<u>2,705,303</u>
Less: amounts capitalized	<u>(222,162)</u>	<u>(266,307)</u>
	<b>2,108,039</b>	<b>2,438,996</b>
Net foreign exchange losses/(gains)	<u>130,257</u>	<u>(72,876)</u>
	<u><b>2,238,296</b></u>	<u><b>2,366,120</b></u>

The weighted average interest rate on capitalized borrowings is approximately 5.37% (2014: 5.73%) per annum.



## 7 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the years ended 31 December 2015 and 2014.

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

The amount of income tax expense charged to the consolidated income statement represents:

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
PRC current income tax charge	<b>1,244,801</b>	745,711
Deferred income tax credit	<b>(22,457)</b>	(85,496)
Under provision in prior year	<b>1,082</b>	-
	<b><u>1,223,426</u></b>	<u>660,215</u>

The PRC current income tax charge during the year ended 31 December 2015 included the related taxation charge arising from the gain on disposal of shares of Shanghai Electric Power Co., Ltd (“Shanghai Power”) of approximately RMB279,964,000.

Share of taxation charge attributable to associates and joint ventures for the year ended 31 December 2015 of RMB238,781,000 (2014: RMB202,293,000) and RMB54,263,000 (2014: RMB28,905,000) respectively were included in the Group’s share of profits of associates/joint ventures for the year.

A subsidiary of the Group, which started operations in 2011, is entitled to a two-year exemption and subsequent three-year 50% reduction in income tax rate of 12.5% until 2016.

During the year ended 31 December 2015, two subsidiaries of the Group had investment tax credits (“Tax Credits”) with an accumulated amount of RMB189,308,000 (2014: RMB177,892,000) of which RMB102,573,000 (2014: RMB79,124,000) were utilized against their income tax charges since the granting of such Tax Credits. The Tax Credits are calculated based on 10% of the purchase price of specific environmental friendly, water and energy-saving, safety enhanced facilities used in the Group’s coal-fired power business. The Tax Credits are recognized as a reduction of current income tax when they are realized. The portion of Tax Credits that has not been utilized in the current year can be carried forward over a period of no more than five years.

## 8 Earnings per share

### (a) Basic

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

	2015	2014
Profit attributable to owners of the Company (RMB'000)	4,149,018	2,765,886
Weighted average number of shares in issue (shares in thousands)	7,205,454	6,629,933
Basic earnings per share (RMB)	<u>0.58</u>	<u>0.42</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume exercise or conversion of all dilutive potential ordinary shares arising from the Company's share options and convertible bonds. For the years ended 31 December 2015 and 2014, the Company has share options and convertible bonds that are dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the profit attributable to owners of the Company is adjusted to eliminate the interest expense less the tax effect.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015	2014
Profit attributable to owners of the Company (RMB'000)	4,149,018	2,765,886
Adjustment for finance costs on convertible bonds (after tax) (RMB'000)	<u>9,433</u>	<u>52,078</u>
Profit used to determine diluted earnings per share (RMB'000)	<u>4,158,451</u>	<u>2,817,964</u>
Weighted average number of shares in issue (shares in thousands)	7,205,454	6,629,933
Adjustment for convertible bonds (shares in thousands)	147,185	687,909
Adjustment for share options (shares in thousands)	<u>11,602</u>	<u>6,587</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	<u>7,364,241</u>	<u>7,324,429</u>
Diluted earnings per share (RMB)	<u>0.56</u>	<u>0.38</u>

## 9 Property, plant and equipment

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Opening net book amount as at 1 January	<b>66,741,330</b>	61,618,034
Additions and transfer from prepayment (note)	<b>4,469,549</b>	8,468,154
Disposals	<b>(312,019)</b>	(344,382)
Depreciation	<b>(3,033,403)</b>	(2,819,811)
Transfer from assets held for sale	<b>589,545</b>	-
Impairment charge for the year	<b>(324,277)</b>	(180,665)
	<hr/>	<hr/>
Closing net book amount as at 31 December	<b><u><u>68,130,725</u></u></b>	<b><u><u>66,741,330</u></u></b>

Note:

Additions for property, plant and equipment for the year ended 31 December 2015 included provision in relation to compensations for inundation caused by the construction of two hydropower plants of the Group. As at 31 December 2015, management has reviewed such provision, and an additional provision of RMB20,206,000 (2014: RMB931,296,000) was provided to reflect the current best estimate (Note 15).

## 10 Available-for-sale financial assets

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Unlisted equity investments in the PRC		
- at cost	154,712	154,712
Equity securities listed in the PRC		
- at fair value (note)	<u>5,347,661</u>	<u>3,151,068</u>
	<u><b>5,502,373</b></u>	<u><b>3,305,780</b></u>
Market value of equity securities listed in the PRC	<u><b>5,347,661</b></u>	<u><b>3,151,068</b></u>

Note:

Details of the equity securities listed in the PRC as at 31 December 2015 and 2014 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
<b>Interests held directly by the Company:</b>					
Shanghai Power	The PRC	RMB2,139,739,000	16.98% (2014: 18.86%)	Joint stock company with limited liability with its A-shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

Shanghai Power is a subsidiary of State Power Investment Corporation (“SPIC”).

During the year ended 31 December 2015, the Company disposed of 40,173,628 shares of Shanghai Power. After the disposal, the Company’s equity interest in Shanghai Power was reduced from 18.86% to 16.98%. The cumulative gain recognized in other comprehensive income in relation to the shares disposed of was RMB1,175,193,000 (before taxation effects), which was then reclassified from other comprehensive income to profit or loss (Note 4).

## 11 Derivative financial instruments

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Derivative financial instruments - assets	<u><b>202,840</b></u>	<u><b>-</b></u>

During the year ended 31 December 2015, the Company entered into two derivative financial instruments to hedge foreign currency risk for the short-term USD commercial note issued by the Company in July 2014. These derivative financial instruments were categorized as financial assets at fair value through profit or loss which were not expected to be settled within 12 months. They were not designated as hedging instruments in accordance with HKAS39. The change in fair value of the derivative financial instruments of RMB61,083,000 was recognized in the consolidated income statement during the year ended 31 December 2015 as other gains (Note 4).

## 12 Accounts receivable

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Accounts receivable from regional and provincial power grid companies (note (a))	<b>2,415,646</b>	2,014,032
Accounts receivable from other companies (note (a))	<b>5,320</b>	8,221
	<b>2,420,966</b>	2,022,253
Notes receivable (note (c))	<b>216,970</b>	216,875
	<b>2,637,936</b>	2,239,128

Notes:

(a) The ageing analysis of the accounts receivable presented based on invoice date is as follows:

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
1 to 3 months	<b>2,401,027</b>	2,022,523
4 to 6 months	<b>10,404</b>	-
7 to 12 months	<b>9,535</b>	-
	<b>2,420,966</b>	2,022,523

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

- (b) Accounts receivable that were past due but not impaired amounted to RMB19,939,000 (2014: Nil) for which the Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.
- (c) Notes receivable are bank acceptance notes issued by third parties. The notes receivable are normally with maturity period of 180 days (2014: 180 days).
- (d) As at 31 December 2015, certain bank borrowings and long-term borrowings from a related party were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 31 December 2015 amounted to RMB1,769,988,000 (2014: RMB1,302,959,000).
- (e) The fair values of accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

### 13 Other borrowings

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Non-current</b>		
Corporate bonds issued by:		
- the Company (note (a))	2,000,000	2,800,000
- a subsidiary (note (b))	997,530	1,496,590
	<u>2,997,530</u>	<u>4,296,590</u>
Less:		
Current portion of corporate bonds issued by:		
- the Company (note (a))	-	(800,000)
- a subsidiary (note (b))	-	(500,000)
	<u>2,997,530</u>	<u>2,996,590</u>
Convertible bonds issued by the Company (note (c))	-	732,854
	<u>2,997,530</u>	<u>3,729,444</u>
<b>Current</b>		
Corporate bonds issued by the Company reclassified as current (note (a))	-	800,000
Corporate bonds issued by a subsidiary reclassified as current (note (b))	-	500,000
Short-term other borrowings :		
- Short-term debentures issued by a subsidiary	500,000	-
Commercial notes (note (d))	1,948,080	1,835,700
	<u>2,448,080</u>	<u>3,135,700</u>
	<u>5,445,610</u>	<u>6,865,144</u>

#### Notes:

- (a) Unsecured RMB denominated corporate bonds of RMB800,000,000 as at 31 December 2014 were issued by the Company in December 2010 for a term of 5 years at an interest rate of 3.20% (2014: 3.20%) per annum. The amount was fully repaid during the year ended 31 December 2015.

Unsecured RMB denominated corporate bonds of RMB2,000,000,000 (2014: RMB2,000,000,000) were issued by the Company in May 2014 for a term of 3 years at interest rate of 4.50% (2014: 4.50%) per annum.

- (b) Long-term corporate bonds issued by a subsidiary include certain bonds of RMB997,530,000 (2014: RMB996,590,000) issued by Wu Ling Power Corporation (“Wu Ling Power”) which are bearing interest at 4.60% (2014: 4.60%) per annum for a term of 10 years from April 2009. These bonds are guaranteed by SPIC.

In 2013, Wu Ling Power issued corporate bonds of RMB500,000,000 which bear interest at 5.50% per annum for a term of 2 years from June 2013. The amount was fully repaid during the year ended 31 December 2015.

- (c) Convertible bonds

	<b>2015</b> <b>RMB'000</b>	2014 <b>RMB'000</b>
2012 Convertible Bonds	<u>-</u>	<u>732,854</u>

During the year ended 31 December 2015, all the remaining 2012 Convertible Bonds were fully converted. The aggregate amount of RMB741,637,000 (2014: RMB304,686,000) of the 2012 Convertible Bonds was converted into 449,045,616 (2014: 185,138,254) new shares, resulting in an increase in share capital of approximately RMB804,000,000 (2014: RMB335,500,000). These shares rank pari passu in all respects with the existing shares.

- (d) Pursuant to the Commercial Paper Dealer Agreement entered into by the Company on 8 July 2014, the Company may issue US\$ denominated commercial notes to institutional accredited investors in the United States with an aggregate amount of not more than US\$300,000,000 for a 3-year period starting 8 July 2014. The term of each commercial note is not more than 270 days. Commercial notes of US\$300,000,000 (approximately RMB1,948,080,000) (2014: US\$300,000,000 (approximately RMB1,835,700,000)) were issued by the Company as at 31 December 2015. The commercial notes do not bear nominal interest rates but were issued at discount rates ranging from 0.42% to 0.50%.

#### 14 Obligations under finance leases

	<b>2015</b> <b>RMB'000</b>	2014 <b>RMB'000</b>
Obligations under finance leases	<b>1,382,668</b>	1,277,121
Current portion of obligations under finance leases	<u>(202,573)</u>	<u>(118,950)</u>
Non-current portion of obligations under finance leases	<u><b>1,180,095</b></u>	<u>1,158,171</u>

## 15 Provisions for other long-term liabilities

Provisions for other long-term liabilities as at 31 December 2015 mainly represent provision of RMB1,024,921,000 (2014: RMB982,452,000) in relation to compensations for inundation caused by the construction of two hydropower plants of the Group.

The provision is measured at the present value of the expenditures expected to be required to settle the compensations, based on the latest rules and regulations as set out by the relevant PRC local government authorities and the expected useful life of the two hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provision due to the passage of time is recognized as interest expense.

Analysis of the provision for other long-term liabilities as at 31 December 2015 and 2014 is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Compensations for inundation		
Non-current liabilities (included in provisions for other long-term liabilities)	906,339	934,552
Current liabilities (included in other payables and accrued charges)	118,582	47,900
	<u>1,024,921</u>	<u>982,452</u>
Early retirement benefits		
Non-current liabilities (included in provisions for other long-term liabilities)	-	1,705
	<u>1,024,921</u>	<u>984,157</u>

The movement of the provision for compensations for inundation during the years ended 31 December 2015 and 2014 is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Opening balance as at 1 January	982,452	-
Recognized during the year (Note 9)	20,206	931,296
Interest expense (Note 6)	85,136	66,644
Payment	(62,873)	(15,488)
	<u>1,024,921</u>	<u>982,452</u>



## 16 Accounts and bills payables

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Accounts payable (note (a))	412,241	917,992
Bills payable (note (b))	207,004	183,558
	<u>619,245</u>	<u>1,101,550</u>

Notes:

- (a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable presented based on invoice date is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
1 to 6 months	376,456	883,308
7 to 12 months	3,228	22,658
Over 1 year	32,557	12,026
	<u>412,241</u>	<u>917,992</u>

- (b) Bills payable are bills of exchange with average maturity period of 3 to 12 months (2014: 3 to 6 months).

As at 31 December 2014, bank deposits of RMB2,353,000 were pledged against bills payable of RMB11,432,000 as security.

- (c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

## **Business Review**

The Group is principally engaged in investment, development, operation and management of coal-fired power, hydropower, wind power and other clean energy plants for generating and sale of electricity in Mainland China. Its businesses are located in the major power grid regions of China.

In 2015, affected by the industrial restructuring, the decrease in electricity consumption for industrial use as well as the weather in Mainland China, the national total electricity consumption only rose by 0.50%, representing a decline of 3.30 percentage points in growth rate, as compared with the previous year.

During the year under review, the total power generation and the total electricity sold of the Group were 63,531,141MWh and 60,868,493MWh respectively, representing year-on-year increases of 2.98% and 3.24% respectively. Benefiting from the new coal-fired power generation units commenced operation during the year and a significant growth of hydropower generation in the second half of the year, the growth rate of the Group's power generation and electricity sold exceeded the national average level.

In 2015, the operation of the Group continued its strong performance though the revenue decreased slightly due to the reduction of on-grid tariff of coal-fired power. The substantial fall in coal prices and the increase of electricity sold from hydropower generation, the Group's consolidated net profit achieved a significant increase and reached the highest since its listing on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in 2004.

In 2015, the Group recorded revenue of approximately RMB20,196,670,000, representing a decrease of approximately 1.23% as compared with the previous year, while the profit attributable to owners of the Company amounted to approximately RMB4,149,018,000, representing an increase of approximately 50.01% as compared to the previous year. Save for the one-off after tax gain on disposal of partial interest in Shanghai Power of approximately RMB827,207,000, the profit attributable to owners for the year increased by 20.10% as compared to the previous year. The basic earnings per share was approximately RMB0.58. Net assets per share, excluding non-controlling interests, was approximately RMB3.71, representing an increase of approximately 17.03% as compared with 31 December 2014.

In response to the intensive market competition, the Group has conducted thorough research and analysis of the relevant policies on the power generation industry and made greater efforts on the marketing of electricity sales in accordance with the energy saving and environmental protection initiatives of the government. In line with the progress of structural reform of the power industry, the Group has seized the opportunities to actively expand its energy business. Since 2015, in order to explore new income source and enhance the profitability, the Group has set up energy service companies in Wuhu (Anhui), Chengdu (Sichuan), Guian (Guizhou) and Jiangmen (Guangdong) to develop the integrated energy services including distributed electricity network and direct power distribution plus sales of electricity.

## Attributable Installed Capacity

As the new generating units commencing operation, the attributable installed capacity of the power plants of the Group reached 16,254.6MW at 31 December 2015, representing an increase of approximately 1,226.2MW as compared with the previous year. Among which, the attributable installed capacity of coal-fired power was 13,135.6MW, representing approximately 80.81% of the total attributable installed capacity, and the attributable installed capacity of hydropower and wind power were 2,962.4MW and 156.6MW respectively, representing approximately 19.19% of the total attributable installed capacity.

In 2015, the Group actively developed solar power projects, including Jiaoganghu Power Station, Shuocheng District Power Station and Luoyang Yituo Power Station which are close to completing construction and are expected to put into commercial operation in 2016.

The Group's new power generating units that commenced commercial operation during the year under review included:

Power Plant	Type of Power Plant	Installed		Attributable		Timeline for Commercial Operation
		Capacity (MW)	Interest %	Capacity (MW)		
Pingwei Power Plant III	Coal-fired power	2,000	60	1,200	May & September 2015	
Suoluogou Power Plant	Hydropower	24	63	15.1	June 2015	
Yaoposhan Power Plant	Wind power	14	63	8.8	February 2015	
Shanshan Power Plant	Wind power	49.5	63	31.2	March 2015	
Donggangling Power Plant	Wind power	50	63	31.5	December 2015	
<b>Total</b>		<b>2,137.5</b>		<b>1,286.6</b>		

*Note: Apart from the above additional power generating units, as compared to the previous year, the Group recorded a net increase in attributable installed capacity of approximately 1,226.2MW when accounted for the Group's increased interest in Huaihua Yuanjiang Power Development Co., Ltd.\* to 100% and the changes in the installed capacity of Shanghai Power.*

## Power Generation, Electricity Sold and Utilization Hours

In 2015, the aggregate gross power generation of the Group was 63,531,141MWh, representing an increase of 2.98% as compared with the previous year, among which the generation from coal-fired power, hydropower and wind power were 44,645,118MWh, 18,570,520MWh and 315,503MWh respectively. The aggregate total electricity sold was 60,868,493MWh, representing an increase of 3.24% as compared with the previous year, among which the electricity sold from coal-fired power, hydropower and wind power were 42,252,014MWh, 18,313,257MWh and 303,222MWh respectively.

In 2015, the average utilization hours of coal-fired power generating units of the Group was 4,099 hours, representing a decrease of 332 hours as compared with the previous year. The average utilization hours of hydropower generating units was 3,893 hours, representing an increase of 159 hours as compared with the previous year. The average utilization hours of wind power generating units was 1,630 hours, representing a decrease of 309 hours as compared with the previous year.

The significant decrease in the average utilization hours for coal-fired power generating units was mainly affected by (i) the slowdown in growth of national electricity consumption due to the industrial restructuring and the decrease in electricity consumption for industrial use which accounted for over 70% of the total electricity consumption; and (ii) the surge in hydropower generation squeezed the space for coal-fired power generation in certain regions where the Group's coal-fired power plants are located.

### **On-Grid Tariff**

In 2015, the Group's average on-grid tariffs compared to the previous year:

- coal-fired power was RMB343.33/MWh, representing a decrease of RMB23.33/MWh;
- hydropower was RMB302.37/MWh, representing an increase of RMB6.42/MWh; and
- wind power was RMB503.79/MWh, representing an increase of RMB32.43/MWh.

The decrease in the average on-grid tariff of coal-fired power was mainly due to the downward adjustments of on-grid tariffs for coal-fired power generating companies announced by the National Development and Reform Commission in September 2014 and April 2015 respectively. Since the Group has put efforts in the management of on-grid tariff, the adverse effects of such decrease in on-grid tariff was partly offset by the green electricity subsidies provided by the local governments to some of our coal-fired power plants in the year under review. The Group will continue to closely monitor the development of the environmental protection in China and strengthen the research on the green energy tariff policies in order to actively seek for more green energy subsidies.

The increase in the average on-grid tariff of hydropower was mainly due to the further optimization of watershed management by the Group during the year and the greater volume of power generated by those hydropower plants with higher on-grid tariffs per unit, thus raising the average on-grid tariff of hydropower in general.

### **Unit Fuel Cost**

In 2015, the average unit fuel cost of the Group's coal-fired power business was approximately RMB145.36/MWh, representing a decrease of approximately 23.29% from that of RMB189.50/MWh of the previous year.

The decrease in the unit fuel cost was primarily due to the continuing decline in coal prices during the year under review, the Group's energy-saving advantages of large capacity power generating units and our committed efforts on strengthening the coal-price management. The decrease in the unit fuel cost offset the adverse effects of the decreased on-grid tariffs for coal-fired power, and thus the Group's profit margin from coal-fired power business continued to improve.

The Group continues to implement measures to control the overall fuel costs, such as promoting the facilities technical upgrade to lower the coal consumption; seizing market opportunities to adjust the procurement and inventory structure; strengthening internal management to enhance the calorific value and optimize the operation.

### **Coal Consumption**

In 2015, the average net coal consumption rate of the Group was 307.08g/KWh, representing a decrease of 3.83g/KWh as compared with the previous year, equivalent to approximately a saving of 160,000 tons of standard coal.

Recently, the Group's power generating units with large capacity and high parameter have commenced their operation successively and the energy-saving advantages have driven down the coal consumption significantly.

### **Operating Results of 2015**

In 2015, the net profit of the Group amounted to approximately RMB5,329,598,000, representing an increase of approximately RMB1,687,066,000 as compared with the previous year. Among which, save for the one-off after tax gain on disposal of partial interest in Shanghai Power of approximately RMB827,207,000, the net profit mainly from coal-fired power business amounted to approximately RMB2,541,630,000, while the net profit mainly from hydropower and wind power businesses amounted to approximately RMB1,960,761,000, representing their respective ratio of contribution to the total net profit of 56%:44% (2014: 64%:36%).

As compared with 2014, the increase in net profit was mainly due to the following factors:

- the significant fall in unit fuel cost of electricity sold by RMB44.14/MWh as a result of decreases in coal price and coal consumption, cutting down the operating expenses by approximately RMB1,800,117,000;
- an one-off gain on disposal of 40,173,628 shares of Shanghai Power of approximately RMB1,175,193,000 (before taxation and relevant costs of disposal);
- the increase in profit before taxation from hydropower generation and electricity sold of approximately RMB627,313,000 (including additional value-added tax refunds for clean energy of approximately RMB109,113,000); and
- the government grants of RMB180,000,000 received for closing down outdated coal-fired power generating units.

However, part of the profit increase for the year under review was offset by the following factors:

- the average on-grid tariff of coal-fired power declined as compared with the previous year, resulting in a decrease in revenue by approximately RMB250,481,000;

- the increase in the number of new power generating units led to increases in depreciation of property, plant and equipment by approximately RMB213,592,000;
- the increased in the number of new power generating units led to the increase in servicing staff number and thus the staff costs increased by approximately RMB331,972,000; and
- the increase in the corporate income tax expense by approximately RMB563,211,000 which included the related taxation charge arising from the one-off gain on disposal of partial interest in Shanghai Power of approximately RMB279,964,000.

## **Revenue**

The revenue of the Group was mainly derived from the sales of electricity. In 2015, the Group recorded a revenue of approximately RMB20,196,670,000, representing a decrease of 1.23% as compared with approximately RMB20,447,151,000 of the previous year. The decrease in revenue was mainly due to lowered on-grid tariff of coal-fired power by government policies. However, the decrease in revenue resulting from the slowdown in demand and reduced on-grid tariff was offset by various measures implemented by the Group, such as green energy subsidies, direct sales of electricity and development of new generating units.

## **Segment Information**

The reportable segments identified by the Group meeting the quantitative thresholds required by HKFRS 8 are now the “generation and sales of coal-fired electricity” and “generation and sales of hydropower electricity”. Although the “generation and sales of wind power electricity” does not meet such quantitative thresholds required for reportable segments, the management has concluded that this segment should be reported separately since the year ended 31 December 2014, as it is closely monitored by the chief operating decision maker as a potential growth business and is expected to gradually make a greater contribution to the Group’s results in the future.

## **Operating Costs**

Operating costs of the Group mainly consist of coal and fuel costs for coal-fired power generation, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, consumables and other operating expenses.

In 2015, the operating costs of the Group amounted to approximately RMB13,743,347,000, representing a decrease of 6.55% as compared with approximately RMB14,706,906,000 of the previous year. The decrease was mainly because of declining coal prices and the decrease of coal consumption as a result of the commencement of operation of new large capacity environment-friendly generating units. In addition, the Group formulated a sound control mechanism in respect of capital expenditures and operating expenses, which imposes stringent regulation on various expenses, so as to increase the profitability and competitiveness of the Group.

Fuel costs were the Group's major operating costs. In 2015, the fuel costs of the Group were approximately RMB6,141,811,000, representing 44.69% of the total operating costs and a decrease of 22.67% as compared with approximately RMB7,941,928,000 of the previous year.

### **Operating Profit**

In 2015, the Group's operating profit was approximately RMB7,861,789,000, representing an increase of 33.48% as compared with the operating profit of approximately RMB5,889,793,000 of the previous year.

### **Finance Costs**

In 2015, the finance costs of the Group amounted to approximately RMB2,238,296,000, representing a decrease of 5.40% as compared with approximately RMB2,366,120,000 of the previous year. The Group made continuous efforts to strengthen fund management in order to improve fund turnover and fund efficiency, actively replaced high-interest rate loans to lower the average interest cost, identified the foreign exchange risk in advance to minimize the exchange losses resulting from the depreciation of Renminbi. In addition, the Company's issue of convertible bonds with a principal amount of RMB1,140,000,000 for a term of 5 years, its convertible rights were exercised in full by the bondholders, resulted in lower finance costs as debt level further reduced during the year under review.

### **Share of Results of Associates**

In 2015, the share of profits of associates was approximately RMB740,551,000, representing an increase in profits of approximately RMB100,177,000 or 15.64% as compared with the share of profits of approximately RMB640,374,000 of the previous year. The increase in profits was mainly because of the increased contribution from an associate, Changshu Power Plant.

### **Share of Results of Joint Ventures**

In 2015, the share of profits of joint ventures was approximately RMB146,114,000, representing an increase in profits of approximately RMB59,844,000 or 69.37% as compared with the share of profits of approximately RMB86,270,000 of the previous year. The increase in profits was mainly because of the increased contribution from a joint venture, Xintang Power Plant.

### **Taxation**

In 2015, taxation charges of the Group were approximately RMB1,223,426,000, representing an increase of approximately RMB563,211,000 as compared with approximately RMB660,215,000 of the previous year. Such increase was mainly caused by the disposal of 40,173,628 shares of Shanghai Power in the public market by the Group in May 2015 with a gain before tax and relevant costs of disposal amounting to approximately RMB1,175,193,000, resulted in relevant tax expense of approximately RMB279,964,000. Apart from that, the higher income tax payment was also due to increased operating profits, and an investment tax credit of RMB67,408,000 obtained by a subsidiary of the Group in the previous year, while there was no such tax credits obtained during the year.

A subsidiary of the Group, which started operation in 2011, is entitled to a two-year exemption and subsequent three-year 50% reduction in income tax rate (i.e. 12.5%) until 2016.

For the year ended 31 December 2015, two subsidiaries of the Group had investment tax credits (“Tax Credits”) with an accumulated amount of RMB189,308,000 (2014: RMB177,892,000) of which RMB102,573,000 (2014: RMB79,124,000) were utilized against their income tax charges since the granting of such Tax Credits. As at 31 December 2015, the Tax Credits were calculated based on 10% of the purchase price of specific environmental friendly, water- and energy-saving, safety enhanced facilities used in the Group’s coal-fired power business. The Tax Credits are recognized as a reduction of current income tax when they are realized. The portion of Tax Credits that has not been utilized in the current year can be carried forward over a period of no more than five years.

### **Profit Attributable to Owners of the Company**

In 2015, profit attributable to owners of the Company was approximately RMB4,149,018,000, representing an increase of approximately RMB1,383,132,000 or 50.01% as compared with approximately RMB2,765,886,000 of the previous year.

### **Earnings per Share and Final Dividend**

In 2015, the basic and diluted earnings per share attributable to owners of the Company were approximately RMB0.58 (2014: RMB0.42) and RMB0.56 (2014: RMB0.38) respectively.

At the Board meeting held on 23 March 2016, the Board recommended the payment of a final dividend for the year ended 31 December 2015 of RMB0.232 (equivalent to HK\$0.2770 at the exchange rate announced by the People’s Bank of China on 23 March 2016) per ordinary share (2014: RMB0.168 (equivalent to HK\$0.2119) per ordinary share), totaling RMB1,706,398,000 (equivalent to HK\$2,037,381,000) (2014: RMB1,169,870,000 (equivalent to HK\$1,475,568,000)), which is based on 7,355,164,741 shares (2014: 6,963,509,222 shares) in issue on 23 March 2016 (2014: 18 March 2015).

### **Change of Share Capital**

For the year ended 31 December 2015, the number of shares of the Company increased by 449,045,616 shares and the amount of share capital increased by RMB804,000,000 as compared with the previous year as a result of the conversion of convertible bonds into the shares of the Company.



## Projects under Construction

As at 31 December 2015, the Group's projects under construction were as follows:

<b>Power Plant</b>	<b>Type of Power Plant</b>	<b>Installed Capacity (MW)</b>	<b>Interest %</b>	<b>Attributable Installed Capacity (MW)</b>	<b>Expected Timeline for Commercial Operation</b>
CP Pu'an Power Plant	Coal-fired power	1,320	100	1,320	2018
Jiesigou Power Plant	Hydropower	24	44.1	10.6	2016
Luoshuidong Power Plant	Hydropower	35	63	22.1	2017
Mawo Power Plant	Hydropower	32	63	20.2	2018
Longshan Power Plant	Wind power	50	63	31.5	2016
Daqingshan Power Plant	Wind power	50	63	31.5	2016
Shanshan Power Plant	Wind power	49.5	63	31.2	2016
Weishan Power Plant	Wind power	70	63	44.1	2017
Songbentang Power Plant	Wind power	50	63	31.5	2016
Taihexian Power Plant	Wind power	50	63	31.5	2016
Gulang Power Plant	Wind power	100	44.1	44.1	2016
Luoyang Yituo Power Station	Photovoltaic power	6	100	6	2016
Jiaoganghu Power Station	Photovoltaic power	20	100	20	2016
Shuo Cheng District Power Station	Photovoltaic power	50	100	50	2016
Datong Power Station	Photovoltaic power	100	100	100	2016
Tieling Power Station	Photovoltaic power	25	100	25	2016
Tiemengang Power Station	Photovoltaic power	50	100	50	2016
Qinggil Power Station	Photovoltaic power	20	63	12.6	2016
<b>Total</b>		<b>2,101.5</b>		<b>1,881.9</b>	

## New Development Projects

The Group has been actively seeking development opportunities for energy saving and environmental friendly coal-fired power and clean energy projects with large capacities and high parameters in areas with rich resources as well as regional and market advantages. Currently, the total installed capacity of new projects in a preliminary development stage (including projects which the approvals from government of the PRC have been applied for) is over 11,572MW.

Among which, the installed capacity for coal-fired power projects amounts to 9,320MW. These projects include:

- the expansion project of the two 1,000MW ultra super-critical coal-fired generating units of CP Shentou Power Plant II;
- the expansion project of the four 1,000MW ultra super-critical coal-fired generating units of Pingwei Power Plant IV;

- the expansion project of the two 1,000MW ultra super-critical coal-fired generating units of Yaomeng Power Plant; and
- the expansion project of the two 660MW ultra super-critical coal-fired generating units of Dabieshan Power Plant.

In addition, the Group will continue to seek opportunities in the southeastern coastal economically developed regions, the coal-rich areas, and cross-regional coal and power transmission channels to further expand coal-fired power projects.

The Group has invested significant efforts to the development of clean energy in response to the national energy development strategy. The total installed capacity of hydropower, wind power and solar power projects currently under preliminary development and anticipated acquisition is over 2,252MW which are mainly located in Sichuan, Hunan, Yunnan, Xinjiang and Guangxi, the regions where the Group has competitive advantages.

### **Available-for-sale Financial Assets**

The Group recognizes its shareholding in Shanghai Power as “Available-for-sale financial assets”. As at 31 December 2015, the Group had interest in 16.98% of the issued share capital of Shanghai Power, whose A-shares were listed on the Shanghai Stock Exchange.

In May 2015, the Group sold 40,173,628 shares of Shanghai Power in public market at a price of RMB32.40 per share to RMB35.17 per share, and recorded a gain and a net profit of approximately RMB1,175,193,000 and approximately RMB827,207,000 respectively, reducing its stake from 18.86% to 16.98%.

As at 31 December 2015, the fair value of the shareholding held by the Group was approximately RMB5,347,661,000, representing an increase of 69.71% as compared with the corresponding amount at 31 December 2014.

### **Material Acquisitions and Disposals**

On 7 November 2014, the Company and Huainan Mining Industry (Group) Company Limited (“Huainan Mining”) entered into a capital contribution agreement, pursuant to which Huainan Mining agreed to make a capital contribution of RMB628,720,000 in cash to the registered capital of Pingwei Power Plant III, a wholly-owned subsidiary of the Company. Upon completion of the transaction in the first half of 2015, the shareholding of the Company in Pingwei Power Plant III was diluted from 100% to 60% of the enlarged registered capital. For details, please refer to the announcement of the Company dated 7 November 2014.

The proceeds from the above capital contribution were fully utilized in the construction of new coal-fired power generating units of Pingwei Power Plant III.

During the year under review, the Group did not have material acquisition.

## Liquidity and Financial Resources

As at 31 December 2015, cash and cash equivalents of the Group were approximately RMB1,528,017,000 (31 December 2014: RMB1,126,917,000). Current assets amounted to approximately RMB5,209,552,000 (31 December 2014: RMB5,640,379,000<sup>#</sup>), current liabilities amounted to approximately RMB16,638,653,000 (31 December 2014: RMB19,266,468,000) and current ratio was 0.31 (31 December 2014: 0.29<sup>#</sup>).

The financial resources of the Group were mainly derived from cash inflow from operating activities, borrowings from banks and related parties, project financing, bonds and commercial notes issues.

<sup>#</sup> The comparative figure of the net current asset ratio in year 2014 have been restated, as certain assets have been reclassified from current to non-current to conform with the current year's presentation.

## Debts

As at 31 December 2015, total debts of the Group amounted to approximately RMB42,687,785,000 (31 December 2014: RMB45,548,653,000). All debts of the Group are denominated in Renminbi, Japanese Yen ("JPY") and United States Dollars ("USD"). Exchange rate for the USD commercial notes with the highest amount among foreign currency debts (equivalent to RMB1,948,080,000) was locked with the use of options in order to prevent exchange rate risks.

The Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), as at 31 December 2015 was approximately 55% (as at 31 December 2014: 62%). The Group's gearing ratio was further improved.

Set out below are details of the debts of the Group as at 31 December 2015 and 2014:

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Bank borrowings, secured	<b>15,411,773</b>	16,286,118
Bank borrowings, unsecured	<b>17,430,423</b>	17,265,159
Corporate bonds issued by the Company	<b>2,000,000</b>	2,800,000
Convertible bonds issued by the Company	-	732,854
Corporate bonds issued by Wu Ling Power	<b>997,530</b>	1,496,590
Commercial notes	<b>1,948,080</b>	1,835,700
Borrowings from related parties	<b>3,017,311</b>	3,855,111
Other debts	<b>1,882,668</b>	1,277,121
	<b><u>42,687,785</u></b>	<u>45,548,653</u>

The above debts were repayable as follows:

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within one year	<b>10,226,922</b>	12,591,224
In the second year	<b>6,755,101</b>	5,000,916
In the third to fifth year	<b>12,969,252</b>	16,480,576
After the fifth year	<b>12,736,510</b>	11,475,937
	<b><u>42,687,785</u></b>	<u>45,548,653</u>

Included in the above bank and other borrowings, about approximately RMB12,470,877,000 (31 December 2014: RMB13,350,410,000) are subject to fixed interest rates and the remaining bank borrowings are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranging from 3.92% to 6.40% (2014: 4.70% to 6.81%) per annum.

In September 2012, the Company issued RMB denominated US\$ settled 2.75% convertible bonds (the "2012 Convertible Bonds"), of an initial principal amount of RMB1,140,000,000. During the year under review, all outstanding bonds were fully converted into the shares of the Company, resulting in a corresponding reduction in carrying value of the 2012 Convertible Bonds of approximately RMB741,637,000.

### **Significant Financing Activities**

In June 2015, the Company entered into a loan agreement with Bank of China (Hong Kong) Limited under which the bank agreed to lend the Company of RMB2,000,000,000 which bears interest at 4.30% per annum with 3-year maturity. The proceeds were fully used for the purposes of general working capital and repayment of existing borrowings.

### **Capital Expenditure**

In 2015, capital expenditure of the Group was approximately RMB5,480,471,000 (2014: RMB7,768,189,000). Among which, the capital expenditure for coal-fired power sector was RMB3,925,943,000, which was mainly used for construction of new power generating units and technical upgrade for the existing power generating units, whereas the capital expenditure for clean energy sector was RMB1,553,252,000, which was mainly used for the construction of new hydropower and wind power plants and project acquisitions. Sources of funds were mainly from project financing, bonds issue and funds generated from business operation.

## **Pledge of Assets**

As at 31 December 2015, the Group pledged certain property, plant and equipment with a net book value of approximately RMB510,203,000 (31 December 2014: RMB540,139,000) to certain banks to secure bank borrowings in the amount of RMB314,820,000 (31 December 2014: RMB354,820,000). In addition, certain bank borrowings and borrowings from a related party were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 31 December 2015 amounted to approximately RMB1,769,988,000 (31 December 2014: RMB1,302,959,000). As at 31 December 2015, bank deposits of certain subsidiaries of the Group amounting to RMB300,000,000 (31 December 2014: RMB341,353,000) were pledged as security for bank borrowings in the amount of RMB300,000,000 (31 December 2014: RMB394,388,000), but no bank deposits were pledged as security for obligation under finance lease (31 December 2014: RMB314,790,000) and bills payables (31 December 2014: RMB11,432,000).

## **Contingent Liabilities**

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

## **Risk Management**

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity. Amid global financial uncertainties, the financial risks and operational risks the Group encountered had increased accordingly.

To effectively control its risk exposure, the Group has implemented all-round risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has a designated risk management department in place for execution and implementation of risk management measures and taking measures to control the scales of assets and liabilities so as to maintain a reasonable level of gearing ratio.

## **Foreign Exchange Rate Risks**

The Group is principally operating in the Mainland China, with most transactions denominating in Renminbi. Apart from certain cash, bank balances and borrowings, most of the Group's assets and liabilities were denominated in Renminbi. The Group held commercial notes denominated in USD, and held borrowings denominated in JPY and USD. Increased fluctuation on Renminbi, USD and JPY exchange rates resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results.

In order to manage exchange rate risks, the Group entered into two option contracts to sell RMB for USD with Bank of America at a fixed exchange rate with an aggregate amount of approximately US\$296,778,000 during the year, to hedge against the foreign exchange rate risks brought by the commercial notes denominated in USD. It is expected that there will be no material foreign exchange risk of RMB against USD upon settlement of the USD commercial notes.

As at 31 December 2015, the Group's borrowings denominated in foreign currencies amounted to approximately RMB2,380,755,000 (31 December 2014: RMB2,993,866,000).

## **Energy Saving and Emission Reduction**

The Group has always committed to the full utilization of its clean energy generation. In 2015, the hydropower and the wind power generation amounted to 29.73% (2014: 28.10%) of the total power generation of the Group. The rise in the proportion of clean energy was mainly due to an increase in hydropower generation by 8.39% as compared with the previous year.

During the year under review, in positive response to the national environmental protection policies, the Group continued to strengthen the environmental protection measures to its coal-fired power generating units. The Group installed flue gas dedusting facilities and desulphurization facilities for all its coal-fired power generating units with the relevant operational ratio up to 100% (2014: 99.99%), and the efficiency ratio of desulphurization was 96.23% (2014: 95.03%).

In 2015, the Group completed the denitration and renovation project for generating unit no.2 of Yaomeng Power Plant. So far, except generating unit no. 1 of Yaomeng Power Plant, all the other coal-fired power generating units have been installed denitration facilities to reduce the emission of nitrogen oxide (NO<sub>x</sub>). In 2015, the operation ratio of denitration reached 99.70% (2014: 97.75%) and the efficiency ratio of denitration reached 80.10% (2014: 78.86%).

During the year under review, environmental protection indicators for coal-fired power generating units were further improved:

- the emission rate of sulphur dioxide (SO<sub>2</sub>) at 0.198g/KWh, representing a decrease of 0.085g/KWh compared with the previous year;
- the emission rate of nitrogen oxide (NO<sub>x</sub>) at 0.212g/KWh, representing a decrease of 0.177g/KWh compared with the previous year; and
- the emission rate of dusts at 0.050g/KWh, representing a decrease of 0.068g/KWh compared with the previous year.

During the year under review, all the power plants in which the Group has operational control, complied with the relevant environmental protection regulations of China. No fines or charges were imposed due to violation of regulations.

## **OPERATIONAL SAFETY**

The Company firmly adheres to the safety philosophy which maintains that “no risks are uncontrollable, no breaches are unpreventable and no accidents are unavoidable” and complies with the safety, health and environment management goals of “Human-oriented, Risk Prevention and Control, System Management and Green Operations”. It continues to improve its safe production management system and adopt strict accountability for production safety to further enhance the management of production safety.

In 2015, the production safety situation of the Group was stable.

During the year under review, all operating power plants in which the Group has operational control, complied with the relevant production safety regulations of China. No fines or charges were imposed due to violation of regulations.

## **Employees and Remuneration Policies**

As at 31 December 2015, the Group had a total of 10,094 full-time employees (31 December 2014: 9,675).

The Group put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism. The Group determined the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performance.

The Group also focused on the training of employees and communication between employees of different positions. It continued to improve the professional and technical skills and overall competence of its employees to satisfy the needs of its expanding businesses.

During the reviewing year, all business units of which the Group has operational control, complied with the local labour laws. No fines or charges were imposed due to violation of laws.

## **MAJOR SUBSEQUENT EVENTS**

On 18 January 2016, the Company entered into a letter of intent with SPIC, the ultimate controlling company of the Company, whereby the Company proposed to acquire and SPIC proposed to sell 100% of the equity interest in Henan Power. The main reasons for this transaction are to further enlarge the Company's operational scale and eliminate the industry competition in Henan Province. For details, please refer to the Company's announcement dated 18 January 2016.

## **Outlook for 2016**

2016 marks the beginning of the national economic "13th Five-year Plan" of China. Economic structural reforms and sound and sustainable economic development will be the first priority in the national economic planning. According to the forecast of China Electricity Council, the electricity consumption will remain a slow growth in 2016 and the national total electricity consumption is expected to increase by 1% to 2% as compared with the previous year while the national electricity supply will be sufficient. As the reformation of electric power industry has been moving forward, the opening up of energy service sectors, including sales of electricity, will provide new opportunities for the development of power generation companies.

In 2016, the Group will focus on restructuring and development, and put great efforts in dealing with challenges and capturing opportunities brought by structural reforms of the power industry, with an aim to improve its operation results. The Group strives to accelerate its rapid growth according to the macro-economic situation and market condition. The Group will focus on:

- Striving to develop clean energy, such as hydropower, wind power and solar power. The Group will continue to develop various clean energy projects, expand its existing hydropower generating units and enter into new energy strategic cooperation framework agreements, in order to increase the weighting of clean energy installed capacity of the Group in the future.
- Developing effective large clean coal-fired power generating units. The Group will actively develop efficient and clean large-scale coal-fired power projects in the domestic coal-power bases and key regions planned for constructing power transmission passageways, promote retrofit of coal-fired power generation units with ultra-low emission facilities and transform certain coal-fired power generating units into cogeneration of heat and power.
- On 18 January 2016, the Company entered into a letter of intent with SPIC, its ultimate controlling shareholder, pursuant to which, the Company proposes to acquire 100% of the equity interest in Henan Power held by SPIC. The acquisition represents the support from SPIC for the development of the Company and facilitates the Group to further expand its operation, eliminate the industry competition in Henan Province and strengthen the competitiveness of the Company. The Company will seize this strategic opportunity to encourage the integration of quality assets. As at the date of this announcement, SPIC is indirectly interested in 55.61% of the Company's share capital.
- Striving to develop energy services segment. The Group will develop integrated energy services, such as distributed electricity network and direct power distribution plus sales of electricity, so as to position itself as an integrated energy supplier focusing on energy services.

## **Review of Financial Statements by Audit Committee**

The audit committee of the Company (the "Audit Committee"), which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditors of the Company, Messrs. Deloitte Touche Tohmatsu, the annual results and the consolidated financial statements for the year ended 31 December 2015.

## **Purchase, Sale or Redemption of Listed Securities of the Company**

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



## Corporate Governance

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximise the value of our shareholders as a whole.

Except for the deviation from the code provisions of A.2.1, A.4.2 and E.1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the “Code”) (as stated below), the Company has strictly complied with the code provisions of the Code in 2015.

The Code provision A.2.1 requires that the roles of the chairman and the chief executive officer should be separate and not be performed by the same individual. Ms. Li Xiaolin assumed both positions of the Company concurrently during the year under review until her resignation on 28 July 2015. On the same date, Mr. Wang Binghua was appointed as the Chairman of the Board, and Mr. Yu Bing as the President of the Company replaced the function of the chief executive officer. Subsequent to the above changes, the Company has been complying with the best practice of the Code provision of A.2.1 with regard to the separating the roles of chairman and chief executive officer. The previous deviation of this code provision ceased to exist.

The Code provision A.4.2 requires that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In accordance with the articles of association of the Company, the executive Director who is also the chief executive officer of the Company shall not be subject to retirement by rotation which reflects the importance of this position and ensures that the impact of the change of personnel on the operation of the Company is kept minimal. Ms. Li Xiaolin served as an executive Director and the chief executive officer of the Company during the year under review until her resignation on 28 July 2015. The function of the chief executive officer was then taken up by the President of the Company, Mr. Yu Bing. Subsequent to the above changes, the Company has been complying with the best practice of the Code provision of A.4.2 with regard to the retirement of every director by rotation at least once every three years. The previous deviation of this code provision ceased to exist.

According to the Code provision E.1.2, chairman of the board should attend the annual general meeting. Ms. Li Xiaolin, the ex-Chairman of the Board was unable to attend the Company’s annual general meeting held on 10 June 2015. She had arranged Mr. Yu Bing, the executive Director and President of the Company, who is very familiar with the Group’s business and operations, to attend and chair the general meeting. Other Directors, including two independent non-executive Directors, being the chairman/members of the Audit Committee and the members of the Remuneration and Nomination Committee, together with the external independent auditor at that time, attended the annual general meeting and answered questions from shareholders and investors. All resolutions proposed were duly passed by shareholders’ voting at the meeting.

## **Securities Transactions by Directors**

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (“Code of Conduct”), the terms of which are no less than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct throughout the entire period of year 2015.

## **Publication of Results Announcement on the Websites of the Hong Kong Stock Exchange and the Company**

This results announcement is published on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and on the Company’s websites at <http://www.chinapower.hk> and <http://www.irasia.com/listco/hk/chinapower/index.htm> respectively.

The 2015 annual report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the annual report will also be made available for review on the above websites in due course.

\* *English or Chinese translation, as the case may be, is for identification only*

By order of the Board  
**China Power International Development Limited**  
**Yu Bing**  
*Executive Director*

Hong Kong, 23 March 2016

*As at the date of this announcement, the directors of the Company are: executive directors Yu Bing and Wang Zichao, non-executive directors Wang Binghua and Guan Qihong, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.*