# 華電國際電力股份有限公司
# Huadian Power International Corporation Limited*

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "**PRC**"))*

(Stock Code: 1071)

## ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The board of directors (the "**Board**") of Huadian Power International Corporation Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 extracted from the audited consolidated financial statements of the Group prepared in accordance with the International Financial Reporting Standards ("**IFRSs**").

**FINANCIAL AND BUSINESS SUMMARY**

- Power generation in 2015 amounted to 182.48 million MWh, representing a year-on-year increase of 1.28%; the volume of the power sold amounted to 170.92 million MWh, representing an increase of approximately 1.29% over 2014;
- Turnover in 2015 amounted to RMB66.789 billion, representing a decrease of approximately 1.46% over 2014;
- Profit for the year attributable to equity shareholders of the Company in 2015 amounted to approximately RMB7.329 billion, representing an increase of approximately 23.00% over 2014;
- Earnings per share in 2015 was approximately RMB0.802, and the Board proposes to declare a final cash dividend of RMB0.300 per share (tax inclusive, based on the total share capital of 9,862,976,653 shares) for the financial year ended 31 December 2015, totalling RMB2,958,892,996 (tax inclusive). The total dividend accounts for approximately 40% of the profit for the year attributable to equity shareholders of the Company for 2015.

## STATUTORY SURPLUS RESERVE

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

## DIVIDENDS

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

## THE GROUP'S MAJOR EXISTING ASSETS

The Group is one of the largest comprehensive energy companies in the PRC, and primarily engages in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects. The Group's power generation assets are located in 13 provinces, autonomous regions and municipalities around China, which were strategically built in the vicinity of electricity load centres or coal mining regions. The Group has a relatively integrated production chain, with coal assets located in areas such as Shanxi, Inner Mongolia, Shandong, Sichuan, Ningxia and Anhui, and coal resources of approximately 2.2 billion tonnes.

As at the date of this announcement, the controlled power plants of the Group which have commenced operation totalled 57 with the total controlled installed capacity of the Group amounting to 46,108.7 MW, including 41,236.5 MW attributable to controlled coal- and gas-fired generating units, and 4,872.2 MW attributable to controlled renewable energy generating units such as hydropower, wind power, solar power generating units. The details are as follows:

(1) Details of controlled coal- or gas-fired generating units are as follows:

| | Name of power plant/company | Installed capacity *(MW)* | Equity interest held by the Company | Generating units |
|---|---|---|---|---|
| 1 | Zouxian Plant | 2,575 | 100% | 1×635MW+1×600MW +4×335MW |
| 2 | Shiliquan Plant | 800 | 100% | 2×330MW+1×140MW |
| 3 | Laicheng Plant | 1,200 | 100% | 4×300MW |
| 4 | Shuozhou Thermal Power Branch Company | 700 | 100% | 2×350MW |
| 5 | Huadian Zouxian Power Generation Company Limited ("**Zouxian Company**") | 2,000 | 69% | 2×1,000MW |
| 6 | Huadian Laizhou Power Generation Company Limited ("**Laizhou Company**") | 2,000 | 75% | 2×1,000MW |
| 7 | Huadian Weifang Power Generation Company Limited ("**Weifang Company**") | 2,000 | 45% | 2×670MW+2×330MW |
| 8 | Huadian Qingdao Power Generation Company Limited ("**Qingdao Company**") | 1,220 | 55% | 1×320MW+3×300MW |
| 9 | Huadian Zibo Thermal Power Company Limited ("**Zibo Company**") | 950 | 100% | 2×330MW+2×145MW |
| 10 | Huadian Zhangqiu Power Generation Company Limited ("**Zhangqiu Company**") | 925 | 87.5% | 1×335MW+1×300MW +2×145MW |
| 11 | Huadian Tengzhou Xinyuan Thermal Power Company Limited ("**Tengzhou Company**") | 930 | 93.257% | 2×315MW+2×150MW |
| 12 | Hudian Longkou Power Generation Company Limited ("**Longkou Company**") | 880 | 84.31% | 4×220MW |
| 13 | Huadian Ningxia Lingwu Power Generation Company Limited ("**Lingwu Company**") | 3,320 | 65% | 2×1,060MW+2×600MW |
| 14 | Ningxia Zhongning Power Generation Company Limited ("**Zhongning Company**") | 660 | 50% | 2×330MW |
| 15 | Sichuan Guang'an Power Generation Company Limited ("**Guang'an Company**") | 2,400 | 80% | 2×600MW+4×300MW |
| 16 | Huadian Xinxiang Power Generation Company Limited ("**Xinxiang Company**") | 1,320 | 90% | 2×660MW |
| 17 | Huadian Luohe Power Generation Company Limited ("**Luohe Company**") | 660 | 75% | 2×330MW |
| 18 | Huadian Qudong Power Generation Company Limited ("**Qudong Company**") | 660 | 90% | 2×330MW |
| 19 | Anhui Huadian Suzhou Power Generation Company Limited ("**Suzhou Company**") | 1,260 | 97% | 2×630MW |
| 20 | Anhui Huadian Wuhu Power Generation Company Limited ("**Wuhu Company**") | 1,320 | 65% | 2×660MW |
| 21 | Anhui Huadian Lu'an Power Generation Company Limited ("**Lu'an Company**") | 1,320 | 95% | 2×660MW |
| 22 | Hangzhou Huadian Banshan Power Generation Company Limited ("**Hangzhou Banshan Company**") | 2,545 | 64% | 3×415MW+3×390MW +1×130MW |

| | Name of power plant/company | Installed capacity *(MW)* | Equity interest held by the Company | Generating units |
|---|---|---|---|---|
| 23 | Hangzhou Huadian Xiasha Thermal Power Company Limited ("**Xiasha Company**") | 246 | 56% | 1×88MW+2×79MW |
| 24 | Hangzhou Huadian Jiangdong Thermal Power Company Limited ("**Jiangdong Company**") | 960.5 | 70% | 2×480.25MW |
| 25 | Huadian Zhejiang Longyou Thermal Power Company Limited ("**Longyou Company**") | 405 | 100% | 2×127.6MW+1×130.3MW +1×19.5MW |
| 26 | Hebei Huadian Shijiazhuang Thermal Power Company Limited ("**Shijiazhuang Thermal Power Company**") | 475 | 82% | 2×200MW+3×25MW |
| 27 | Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("**Yuhua Company**") | 600 | 100% | 2×300MW |
| 28 | Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("**Luhua Company**") | 660 | 90% | 2×330MW |
| 29 | Hebei Huarui Energy Group Corporation Limited ("**Huarui Company**") *(Note1)* | 1,544.36 | 100% | – |
| 30 | Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("**Pingshi Power Company**") | 725 | 100% | 2×300MW+1×125MW |
| 31 | Tianjin Huadian Fuyuan Thermal Power Company Limited ("**Fuyuan Thermal Power Company**") | 400 | 100% | 2×200MW |
| 32 | Huadian Hubei Power Generation Company Limited ("**Hubei Company**") *(Note 2)* | 5,120 | 82.56% | 2×680MW+2×640MW +6×330MW+1×300MW +1×200MW |

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

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

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

(2) Details of controlled renewable energy generating units are as follows:

| | Name of power plant/company | Installed capacity *(MW)* | Equity interest held by the Company | Generating units |
|---|---|---|---|---|
| 1 | Huadian Suzhou Biomass Energy Power Company Limited ("**Suzhou Biomass Energy Company**") | 25 | 78% | 2×12.5MW |
| 2 | Sichuan Huadian Luding Hydropower Company Limited ("**Luding Hydropower Company**") | 920 | 100% | 4×230MW |
| 3 | Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("**Za-gunao Hydroelectric Company**") | 591 | 64% | 3×65MW+3×56MW +3×46MW+3×30MW |
| 4 | Lixian Xinghe Ganbao Power Company Limited ("**Ganbao Company**") | 34 | 100% | 4×8.5MW |
| 5 | Lixian Xinghe Power Company Limited ("**Lixian Company**") | 33 | 100% | 3×11MW |
| 6 | Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("**Shuiluohe Company**") | 324 | 57% | 3×70MW+3×38MW |
| 7 | Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("**Hebei Hydropower Company**") | 57 | 100% | 1×16MW+2×15MW +1×11MW |
| 8 | Huadian Inner Mongolia Kailu Wind Power Company Limited ("**Kailu Wind Power Company**") | 399 | 100% | 262×1.5MW+2×3MW |
| 9 | Huadian Kezuozhongqi Wind Power Company Limited ("**Kezuozhongqi Wind Power Company**") | 49.5 | 100% | 33×1.5MW |
| 10 | Huadian Power International Ningxia New Energy Power Company Limited ("**Ningxia New Energy Company**") | 1,262 | 100% | 123×2MW+664×1.5MW +20×1MW |

| | Name of power plant/company | Installed capacity *(MW)* | Equity interest held by the Company | Generating units |
|---|---|---|---|---|
| 11 | Hebei Huadian Guyuan Wind Power Company Limited ("**Guyuan Wind Power Company**") | 270.5 | 100% | 167×1.5MW+20MW |
| 12 | Hebei Huadian Kangbao Wind Power Company Limited ("**Kangbao Wind Power Company**") | 129 | 100% | 48×2MW+2×1.5MW +30MW |
| 13 | State Development Zhangjiakou Wind Power Company Limited ("**Zhangjiakou Wind Power Company**") | 100.5 | 100% | 67×1.5MW |
| 14 | Huadian Laizhou Wind Power Company Limited ("**Laizhou Wind Power Company**") | 40.5 | 55% | 27×1.5MW |
| 15 | Huadian Laizhou Wind Power Generation Company Limited ("**Laizhou Wind Company**") | 48 | 100% | 24×2MW |
| 16 | Huadian Laizhou Wind Energy Power Company Limited ("**Laizhou Wind Energy Company**") | 99.6 | 55% | 48×2MW+2×1.8MW |
| 17 | Huadian Changyi Wind Power Company Limited ("**Changyi Wind Power Company**") | 49.5 | 100% | 33×1.5MW |
| 18 | Huadian Zibo Wind Power Company Limited ("**Zibo Wind Power Company**") | 48 | 100% | 24×2MW |
| 19 | Huadian Longkou Wind Power Company Limited ("**Longkou Wind Power Company**") | 49.5 | 65% | 23×1.5MW+6×2.5MW |
| 20 | Huadian Zaozhuang New Energy Generation Company Limited ("**Zaozhuang New Energy Company**") | 50 | 100% | 25×2MW |
| 21 | Huadian Feicheng New Energy Generation Company Limited ("**Feicheng New Energy Company**") | 99.8 | 100% | 48×2MW+2×1.9MW |
| 22 | Huadian Laixi New Energy Generation Company Limited ("**Laixi New Energy Company**") | 49.8 | 100% | 24×2MW+1×1.8MW |
| 23 | Longkou Dongyi Wind Power Company Limited ("**Longkou Dongyi Wind Power Company**") | 30 | 100% | 20×1.5MW |
| 24 | Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("**Shangde Solar Company**") | 10 | 60% | 10×1MW |
| 25 | Huadian Zhangjiakou Saibei New Energy Generation Company Limited ("**Zhangjiakou Saibei New Energy Company**") | 4 | 100% | 4×1MW |

## BUSINESS REVIEW

### (1) Power Generation

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

### (2) Turnover

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

### (3) Profit

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

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

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

| **Name of Project** | **Category** | **Capacity** *(MW)* |
|---|---|---|
| Hubei Company | Coal-fired | 5,120 |
| Shuozhou Thermal Power Branch | Coal-fired | 700 |
| Jiangdong Company | Gas-fired | 960.5 |
| Longyou Company | Gas-fired | 405 |
| Ningxia New Energy Company | Wind Power | 595.5 |
| Laizhou Wind Energy Company | Wind Power | 49.8 |
| Changyi Wind Power Company | Wind Power | 49.5 |
| Zibo Wind Power Company | Wind Power | 48 |
| Longkou Wind Power Company | Wind Power | 49.5 |
| Kangbao Wind Power Company | Wind Power | 49.5 |
| Zaozhuang New Energy Company | Wind Power | 50 |
| Feicheng New Energy Company | Wind Power | 99.8 |
| Laixi New Energy Company | Wind Power | 49.8 |
| Longkou Dongyi Wind Power Company | Wind Power | 30 |
| Ningxia Renewable Company | Solar power | 20 |
| Kangbao Wind Power Company | Solar power | 30 |
| Guyuan Wind Power Company | Solar power | 20 |
| Zhangjiakou Saibei New Energy Company | Solar power | 4 |
| **Total** | | **8,330.9** |

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

## (5) Projects Approved and Under Construction

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

| No. | Name of project | Planned installed capacity |
|---|---|---|
| 1 | Chongqing Fengjie Project | 2×600MW generating units |
| 2 | Shiliquan Plant Expansion Project | 2×660MW generating units |
| 3 | Laizhou Company Phase II Project | 2×1,000MW generating units |
| 4 | Ningxia Yongli Project | 2×660MW generating units |
| 5 | Wuhu Company Phase II Project | 1×1,000MW generating units |
| 6 | Guangdong Shantou Project | 2×600MW generating units |
| 7 | Hubei Company Jiangling Project | 2×660MW generating units |
| 8 | Guangdong Nanxiong Project | 2×350MW heat-power co-generating units |
| 9 | Tianjin Huadian Nanjiang Thermal Power Company Limited ("**Nanjiang Company**") Project | 900MW gas-fired generating units |
| 10 | Shenzhen Huadian Pingshan Distributed Energy Resources Project | 3×100MW gas-fired generating units |
| 11 | Shijiazhuang Thermal Power Company Natural Gas Thermal Co-generating Project | 2×400MW gas-fired generating units |
| 12 | Distributed Energy Resources Project of Guangdong Shunde West Eco-industrial Park | 3×59MW gas-fired generating units |
| 13 | Natural Gas Power Generation Project of Guandong Foshan Sanshui Industrial Park | 3×59MW gas-fired generating units |
| 14 | Distributed Energy Resources Project of Cultural Center of Tianjin Binhai New Area | 3×2MW gas-fired generating units |
| 15 | Project of Shuiluohe Company | 492MW hydroelectric generating units |
| 16 | Project of Ningxia New Energy Company (Ningdong Phase VIII and Haiyuan Lijunpu) | 149.5MW wind power generating units |
| 17 | Jincheng Wind Power Phase II Project of Laizhou Wind Company | 48MW wind power generating units |
| 18 | Project of Huadian Xuwen Wind Power Company Limited | 99MW wind power generating units |
| 19 | Yaotaishan Project of Huadian Xiaxian Wind Power Company Limited | 100MW wind power generating units |
| 20 | Phase I of Wind Power Project in Inner Mongolia Shangdu Xijingzi | 49.5MW wind power generating units |
| 21 | Wind Power Project in Xujiazhuang of Yiyuan, Zibo | 48MW wind power generating units |
| 22 | Kunlun Wind Farm Project of Zibo Wind Power Company | 49.8MW wind power generating units |
| 23 | Changyi Wind Power Company Phase II Project | 48MW wind power generating units |
| 24 | Humen Wind Farm Project of Feicheng New Energy Company | 49.9MW wind power generating units |
| 25 | Longkou Wind Power Company Phase II Project | 49.8MW wind power generating units |
| 26 | Wind Farm Project in of Gaojialiang of Wengniute Qi in Inner Mongolia | 49.5MW wind power generating units |

| No. | Name of project | Planned installed capacity |
|---|---|---|
| 27 | Distributed Wind Power Integration Project of Xini River, HulunBuir, Inner Mongolia | 20MW wind power generating units |
| 28 | Tuqiao Wind Farm Project of Shaanxi Xianyang | 50MW wind power generating units |
| 29 | Zezhou Wind Power Project of Shanxi Jincheng | 98MW wind power generating units |
| 30 | Huadian Tai'erzhuang Solar Power Generation Project | 10MW solar power generating units |
| 31 | Yuanbaoshan Solar Power Generation Project of Hebei Guyuan | 20MW solar power generating units |
| 32 | Xianggongzhuang Solar Power Generation Project of Huadian Zhangqiu | 10MW solar power generating units |
| 33 | Solar Power Generation Project of Feicheng New Energy Company | 20MW solar power generating units |
| 34 | Wenfengshan Solar Power Generation Project of Zaozhung New Energy Company | 50MW solar power generating units |
| 35 | Suixian Solar Power Generation Project of Hubei | 150MW solar power generating units |
| **Total** | | **14,081 MW** |

## BUSINESS OUTLOOK

### (1) Competition Landscape and Development Trend of the industry

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

For the power industry, the elastic coefficient of power is expected to be lowered due to slower economic growth and optimized industry structure. The growth of power generation is expected to linger at a low level since the power utilisation hours is expected to show a downward trend as a result of sluggish growth of electricity demand. The new round of power system reform has officially initiated in China. The National Development and Reform Commission and National Energy Administration officially released six major documents in relation to the power system reform, which provide relatively clear guidance in fields such as electricity market construction, power transmission and distribution pricing reform, reform in power sales side, the establishment and operation standardization of power trading organization, power generation plan reform and the supervision of coal-fired self-owned power plants. As new electricity distribution market and power sales side markets gradually open up, the Company is provided with new opportunities for business development.

This will also drive a change in the competitive structure of the industry and a shift in the industry's core. Cheap and reliable electric power and consumer resources will become the core strength in power enterprises, and the competition landscape will change from one focused on size to one that focuses on an internal and structural adjustment and emphasis on low cost.

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

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

**(2) Development Strategy of the Group**

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

**(3) Operation Plan of the Group in 2016**

Where major changes occur externally, the Company expects to complete the goal of generating approximately 182 billion KWh of power in 2016 and expects a decrease in utilization hours of power-generating equipment. According to the actual progress of each project, the Company intends to invest in 2016 RMB14.5 billion in the infrastructure of power supply projects, infrastructure of coal mine projects, heating network and other projects as well as capital injection into projects invested by the Company and invest RMB4.5 billion in environmental protection and energy saving technology reform projects.

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

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

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

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

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

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

## (4) Potential Risks and Countermeasures

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

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

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

As China is deepening the power system reform, the expected signs in the reform of the pricing of the electricity market are becoming apparent and there exists a risk of the decrease in electricity prices.

Since 2012, coal price has fallen rapidly. Domestic coal mining companies suffered large losses. Government intervention and production curtailment of coal industry itself provides limited room for the further fall in coal price.

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

### 2. *Risks Relating to Environmental Protection*

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

In this regard, the Company will put more emphasis on environment protection work from the angle of corporate sustainability and development. In particular, the Company will strictly implement the requirements of the Environment Protection Law and accelerate the upgrading of ultra-low-emission, monitor environmental index, in order to standardize the management of operation and maintenance of environmental facilities, and to improve the operation rate and efficiency of environmental protection facilities, so as to ensure standard-compliant emission. By adhering to the principle of safety and reliability, mature technology and cost-effectiveness, the Company will continue to optimize and refine technical improvement, and push for technological improvement in a continuous manner.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Macroeconomic Conditions and Electricity Demand

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

### (2) Turnover

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

### (3) Major Operating Expenses

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

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

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

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

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

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

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

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

### (4) Investment Income

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

**(5) Other Net Income**

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

**(6) Share of Profit of Associates and a Joint Venture**

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

**(7) Finance Costs**

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

**(8) Income Tax**

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

**(9) Pledge and Mortgage of Assets**

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

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

**(10) Indebtedness**

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

**(11) Contingent Liabilities**

As at 31 December 2015, Guang'an Company, a subsidiary of the Company, provided guarantees to banks for loans amounting to approximately RMB70 million to Sichuan Huayingshan Longtan Coal Company Limited ("**Longtan Coal Company**"), an associate of Guang'an Company. Apart from the above guarantees, the Group has no other significant contingent liabilities.

**(12) Provision**

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

**(13) Cash Flow Analysis**

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

**(14) Impairment Loss**

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

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

**SIGNIFICANT EVENTS**

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

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

The total proceeds raised from the Non-public Issuance of A shares amounted to a total of approximately RMB7,147 million, with a net amount of approximately of RMB7,050 million. As at 31 December 2015, approximately RMB3,769 million of the proceeds raised have been used as planned in the Chongqing Fengjie Project, the Shiliquan Plant Extension Project and to supplement the working capital of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(4) Convening the Extraordinary General Meetings**

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

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

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

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

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

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

**(5) Amendments to the Articles of Association**

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

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

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

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

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

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

*Note 1:* So far as the directors of the Company are aware or are given to understand, these 85,862,000 H shares were held by a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited through CCASS in the name of HKSCC Nominees Limited.

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

## SECURITIES INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

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

| **Name** | **Position in the Company** | **Number of A shares of the Company held as personal interest** | **Capacity in A shares** |
|---|---|---|---|
| Gou Wei | Non-executive Director | 10,000 *(Note)* | Beneficial owner |

*Note:* Accounted for approximately 0.0001% of the total issued A shares of the Company on 31 December 2015.

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

During the period, the Company has adopted a code of conduct regarding transactions of the directors of the Company in the Company's securities on terms identical to those of the Model Code. Having made specific enquiries of all directors of the Company, the Company understands that all directors of the Company have complied with the required standard set out in the Model Code.

## CORPORATE GOVERNANCE

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

1. Articles of Association;

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

3. Terms of Reference of Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategic Committee of the Board;

4. Working Requirements for Independent Directors;

5. Working Requirements for Secretary to the Board;

6. Working Rules for General Manager;

7. Code on the Company's Investment Projects;

8. Management Methods on Raised Proceeds;

9. Management Methods on External Guarantees;

10. Management Rules on Information Disclosure;

11. Management Rules on Investor Relations and Implementation Procedures;

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

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

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

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

16. Working Rules on Annual Report for Independent Directors;

17. Management Methods on Connected Transactions; and

18. Insider Registration and Management Methods.

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

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

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

– In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and stipulated the Terms of Reference of the Strategic Committee.

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

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

## DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## AUDIT COMMITTEE

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

## MATERIAL LITIGATION

As at 31 December 2015, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The management of the Group believes that possible legal liability which incurred or may incur from any of the aforesaid cases has no material adverse effect on the financial position and operating results of the Group.

By order of the Board
**Huadian Power International Corporation Limited**
**Li Qingkui**
*Chairman*

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

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

Beijing, the PRC
24 March 2016

* *For identification purposes only*

## I SUMMPARY OF FINANCIAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRSs

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under IFRSs of the Group as set out in its 2015 annual report.

**Consolidated statement of profit or loss and other comprehensive income**
For the year ended 31 December 2015
*(Expressed in Renminbi)*

| | *Notes* | **2015** *RMB'000* | 2014 *RMB'000* |
|---|---|---|---|
| **Turnover** | 4 | **66,788,917** | 67,781,771 |
| **Operating expenses** | | | |
| Fuel costs | | **(25,640,107)** | (32,796,510) |
| Cost of coal sold | | **(1,258,431)** | (707,246) |
| Depreciation and amortisation | | **(9,228,834)** | (8,065,685) |
| Repairs, maintenance and inspection | | **(3,089,775)** | (2,836,626) |
| Personnel costs | 5 | **(4,260,702)** | (3,730,776) |
| Administration expenses | | **(3,595,808)** | (3,380,610) |
| Tax and levies on operation | 6 | **(614,996)** | (481,688) |
| Other operating expenses | | **(1,112,241)** | (1,059,155) |
| | | **(48,800,894)** | (53,058,296) |
| **Operating profit** | | **17,988,023** | 14,723,475 |
| Investment income | 7 | **56,411** | 167,263 |
| Other revenue | 8 | **504,035** | 426,887 |
| Other net income | 8 | **(185,629)** | (325,838) |
| Interest income from bank deposits | | **106,349** | 70,839 |
| Finance costs | 9 | **(5,849,884)** | (6,317,901) |
| Share of profits less losses of associates and a joint venture | | **317,722** | 713,366 |
| **Profit before taxation** | | **12,937,027** | 9,458,091 |
| Income tax | 11 | **(3,157,593)** | (1,936,271) |
| **Profit for the year** | 10 | **9,779,434** | 7,521,820 |

**Consolidated statement of profit or loss and other comprehensive income** *(Continued)*
For the year ended 31 December 2015
*(Expressed in Renminbi)*

| | Notes | **2015** *RMB'000* | 2014 *RMB'000* |
|---|---|---|---|
| **Other comprehensive (expense)/income for the year (net of tax):** | | | |
| *Items that may be subsequently reclassified to profit or loss:* | | | |
| Net fair value (loss)/gain on available-for-sale investments | 12 | **(2,574)** | 27,054 |
| **Total comprehensive income for the year** | | **9,776,860** | 7,548,874 |
| **Profit for the year attributable to:** | | | |
| Equity shareholders of the Company | | **7,329,439** | 5,959,045 |
| Non-controlling interests | | **2,449,995** | 1,562,775 |
| | | **9,779,434** | 7,521,820 |
| **Total comprehensive income for the year attributable to:** | | | |
| Equity shareholders of the Company | | **7,326,880** | 5,985,780 |
| Non-controlling interests | | **2,449,980** | 1,563,094 |
| | | **9,776,860** | 7,548,874 |
| **Basic earnings per share** | 13 | **RMB0.802** | RMB0.743 |

**Consolidated statement of financial position**
At 31 December 2015
*(Expressed in Renminbi)*

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

**Consolidated statement of financial position** *(Continued)*
At 31 December 2015
*(Expressed in Renminbi)*

| | Notes | **2015** | 2014 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current liabilities** | | | |
| Bank loans | | **56,567,601** | 53,501,585 |
| Loans from shareholders | | **1,328,666** | 550,000 |
| State loans | | **73,722** | 86,712 |
| Other loans | | **5,860,889** | 5,653,348 |
| Long-term debentures payable | | **11,058,239** | 7,052,401 |
| Obligations under finance leases | 15 | **2,779,887** | 2,490,591 |
| Long-term payables | | **385,962** | 410,447 |
| Provisions | | **93,375** | 86,458 |
| Deferred government grants | 8(a) | **1,200,904** | 989,726 |
| Deferred income | | **2,268,371** | 2,210,399 |
| Deferred tax liabilities | | **3,127,400** | 2,801,802 |
| Retirement benefit obligations | | **24,692** | – |
| | | **84,769,708** | 75,833,469 |
| **NET ASSETS** | | **58,062,139** | 42,936,462 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **9,862,977** | 8,807,290 |
| Reserves | | **33,836,212** | 22,897,890 |
| **Total equity attributable to equity shareholders of the Company** | | **43,699,189** | 31,705,180 |
| **Non-controlling interests** | | **14,362,950** | 11,231,282 |
| **TOTAL EQUITY** | | **58,062,139** | 42,936,462 |

## Notes to the financial consolidated statements

### 1. Basis of preparation of the consolidated financial statements

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

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

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

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

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

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

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

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

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

## 2. Changes in accounting policies

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

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

The application of the new or revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

## 3. Segment information

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

## 4. Turnover

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

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

## 5. Personnel costs

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

## 6. Tax and levies on operation

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

## 7. Investment income

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

## 8. Other revenue and net income

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Other revenue** | | |
| Government grants *(note (a))* | **286,426** | 270,445 |
| Revenue from upfront connection and installation fees for heating networks | **129,723** | 111,835 |
| Others | **87,886** | 44,607 |
| | **504,035** | 426,887 |

| | **2015** | 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Other net income** | | |
| Net loss on disposal of property, plant and equipment | **(124,602)** | (571,449) |
| Net income from sale of materials | **325,406** | 380,560 |
| Electricity price regulation fund *(note (b))* | **(122,206)** | (124,823) |
| Others | **(264,227)** | (10,126) |
| | **(185,629)** | (325,838) |

*Notes:*

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

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

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

## 9. Finance costs

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

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

## 10. Profit for the year

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

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

## 11. Income tax in the consolidated statement of profit or loss and other comprehensive income

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

## 12. Other comprehensive (expense)/income

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

## 13. Earnings per share

### *(a) Basic earnings per share*

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

### *(b) Diluted earnings per share*

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

## 14. Trade debtors and bills receivable

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

*Notes:*

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

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

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

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

### 14. Trade debtors and bills receivable *(Continued)*

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

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

### 15. Obligations under finance leases

The Group had obligations under finance leases payable as follows:

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

## 15. Obligations under finance leases *(Continued)*

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

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

## 16. Trade creditors and bills payable

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

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

## 17. Dividends

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

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

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

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

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

## 18. Acquisition of subsidiaries

On 1 July 2015, the Group acquired 82.5627% equity interests in Hubei Power Generation and its subsidiaries ("**Hubei Group**") from China Huadian. This acquisition has been accounted for using the acquisition method. Hubei Group is a comprehensive power generation group, which is mainly engaged in the development, investment, construction, operation and management of electric power and new energy plants in Hubei Province with existing installed capacity of 5,120 MW.

***Consideration transferred***

| | *RMB'000* |
|---|---|
| Cash | 4,124,382 |
| Other payables | 16,880 |
| Total consideration | 4,141,262 |

## 18. Acquisition of subsidiaries *(Continued)*

### *Acquisition-related costs*

Acquisition-related costs amounting to RMB7 million have been excluded from the cost of acquisition and have been recognised as an expense in the current year, within the 'administrative expenses' line item in the consolidated statement of profit or loss and other comprehensive income.

***Assets acquired and liabilities recognised at the date of acquisition are as follows:***

| | *RMB'000* |
|---|---|
| Property, plant and equipment | 12,541,797 |
| Construction in process | 211,868 |
| Lease prepayments | 252,640 |
| Intangible assets | 921,232 |
| Interests in associates | 81,108 |
| Available-for-sale investments | 14,924 |
| Other non-current assets | 31,250 |
| Inventories | 200,358 |
| Lease prepayment due within one year | 19,444 |
| Trade debtors and bills receivable | 885,821 |
| Deposits, other receivables and prepayments | 207,034 |
| Cash and cash equivalents | 1,547,602 |
| Bank loans | (6,163,005) |
| Short-term debentures payables | (500,000) |
| Trade creditors and bills payable | (819,714) |
| Other payables | (928,118) |
| Long-term debentures payables | (496,550) |
| Retirement benefit obligations | (26,883) |
| Deferred tax liabilities | (691,731) |
| Net assets | 7,289,077 |

The fair value of trade and bills receivables at the date of acquisition amounted RMB886 million. The gross contractual amounts of those trade and bills receivables amounted to RMB889 million at the date of acquisition , The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB3 million.

## 18. Acquisition of subsidiaries *(Continued)*

### *Goodwill arising on acquisition*

| | *RMB'000* |
|---|---|
| Consideration transferred | 4,141,262 |
| Plus: non-controlled interests *(Note)* | 3,575,494 |
| Less: recognised amount of identifiable net assets acquired | (7,289,077) |
| Goodwill on acquisition | 427,679 |

*Note:* About RMB2,791,183,000 of the acquiree's subsidiaries non-controlling interests on the acquisition date are included in above non-controlling interest balance.

Goodwill arose in the acquisition of Hubei Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of future market development in Hubei Province and expected synergies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

### *Net cash outflow arising on acquisition*

| | *RMB'000* |
|---|---|
| Consideration paid in cash | 4,124,382 |
| Less: cash and cash equivalent balances acquired | (1,547,602) |
| | 2,576,780 |

## 18. Acquisition of subsidiaries *(Continued)*

***Impact of acquisition on the results of the Group***

Included in the profit for the year is RMB1,126 million profit attributable to Hubei Group. Turnover for the year includes RMB5,325 million attributable to Hubei Group. Had the acquisition of Hubei Group been effected at the beginning of the year, the total amount of turnover of the Group for the year would have been RMB70,383 million and the amount of the profit for the year would have been RMB10,294 million.

The 'pro-forma' information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Hubei Group been acquired at the beginning of the year, the directors have calculated depreciation and amortisation of property, plant and equipment and intangible assets based on the recognised amounts at the date of the acquisition and determine borrowing costs based on the funding level, credit ratings and debt/equity position of the Group after the business combination.

## 19. Contingent liabilities

As at 31 December 2015, some subsidiaries of the Company were the defendant in certain lawsuits for events incurred before the acquisition date. At the end of the reporting period, above lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

As at 31 December 2015, Sichuan Guang'an Power Generation Company Limited, a subsidiary of the Group, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB70 million (2014: RMB76 million).

Apart from the above litigations and guarantees, the Group has no other material contingent liabilities as at 31 December 2015 (2014: Nil).

## II. SUMMARY OF FINANCIAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("CAS")

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under CAS of the Group as set out in its 2015 annual report.

**Consolidated balance sheet and balance sheet**
As at 31 December 2015
*(Expressed in Renminbi'000)*

| | The Group | | The Company | |
|---|---|---|---|---|
| **Items** | **31 December 2015** | 31 December 2014 (Restated) | **31 December 2015** | 31 December 2014 |
| **Current assets:** | | | | |
| Cash at bank and on hand | **9,584,650** | 6,193,376 | **4,450,017** | 1,559,719 |
| Bills receivable | **1,478,010** | 1,741,813 | **250** | 400 |
| Trade receivables | **7,901,918** | 8,592,511 | **610,378** | 745,344 |
| Prepayments | **418,533** | 646,456 | **4,793** | 109,560 |
| Dividends receivable | **690,316** | 448,096 | **3,882,133** | 1,295,615 |
| Other receivables | **805,315** | 1,219,392 | **9,414,503** | 9,698,033 |
| Inventories | **2,052,855** | 3,795,698 | **253,286** | 453,979 |
| Non-current assets due within one year | **10,000** | 9,110 | **–** | – |
| Other current assets | **1,034,354** | 981,062 | **41,053** | 95,108 |
| **Total current assets** | **23,975,951** | 23,627,514 | **18,656,413** | 13,957,758 |
| **Non-current assets:** | | | | |
| Available-for-sale financial assets | **398,604** | 401,443 | **130,109** | 130,109 |
| Long-term receivables | **290,825** | 215,710 | **355,227** | 209,429 |
| Long-term equity investments | **9,845,218** | 10,286,423 | **43,466,988** | 41,126,007 |
| Fixed assets | **135,901,635** | 130,766,912 | **10,486,447** | 7,977,147 |
| Construction in progress | **15,598,842** | 17,634,377 | **3,296,389** | 3,386,447 |
| Construction materials | **419,817** | 73,109 | **262,343** | 24,645 |
| Construction and construction material prepayments | **3,532,183** | 2,233,919 | **1,109,938** | 910,644 |
| Intangible assets | **13,425,900** | 14,654,741 | **171,528** | 116,722 |
| Goodwill | **1,072,920** | 1,072,920 | **12,111** | 12,111 |
| Deferred tax assets | **206,805** | 388,285 | **–** | – |
| Other non-current assets | **1,986,496** | 1,842,325 | **415,132** | 200,054 |
| **Total non-current assets** | **182,679,245** | 179,570,164 | **59,706,212** | 54,093,315 |
| **Total assets** | **206,655,196** | 203,197,678 | **78,362,625** | 68,051,073 |

**Consolidated balance sheet and balance sheet** *(Continued)*
As at 31 December 2015
*(Expressed in Renminbi'000)*

| Items | The Group 31 December 2015 | The Group 31 December 2014 (Restated) | The Company 31 December 2015 | The Company 31 December 2014 |
|---|---|---|---|---|
| **Current liabilities:** | | | | |
| Short-term loans | **13,161,595** | 17,332,613 | **3,960,481** | 6,616,957 |
| Bills payable | **1,577,396** | 1,007,551 | **151,000** | 198,854 |
| Trade payables | **14,900,162** | 14,363,556 | **1,462,833** | 911,961 |
| Receipts in advances | **1,371,305** | 1,380,926 | **3,601** | 5,515 |
| Wages payable | **201,619** | 203,320 | **30,394** | 26,425 |
| Taxes payable | **1,648,195** | 1,313,784 | **72,244** | 64,481 |
| Interests payable | **635,846** | 724,772 | **470,494** | 503,168 |
| Dividends payable | **1,543,662** | 516,325 | **–** | – |
| Other payables | **4,621,544** | 4,862,278 | **1,182,887** | 1,174,997 |
| Other current liabilities | **15,756,069** | 16,805,230 | **15,756,069** | 16,805,230 |
| Non-current liabilities due within one year | **11,726,516** | 16,600,928 | **3,950,716** | 8,401,288 |
| **Total current liabilities** | **67,143,909** | 75,111,283 | **27,040,719** | 34,708,876 |
| **Non-current liabilities:** | | | | |
| Long-term loans | **63,830,878** | 64,139,699 | **7,768,976** | 3,554,926 |
| Debentures payable | **11,058,239** | 7,548,351 | **10,560,939** | 7,052,401 |
| Long-term payables | **3,165,849** | 2,901,038 | **–** | – |
| Long-term wages payables | **24,692** | 25,200 | **–** | – |
| Special payables | **7,006** | 11,734 | **5,656** | 5,656 |
| Provision | **93,375** | 86,458 | **–** | – |
| Deferred tax liabilities | **2,396,146** | 2,728,370 | **49,032** | 46,121 |
| Deferred income | **3,035,442** | 2,771,020 | **53,438** | 28,469 |
| **Total non-current liabilities** | **83,611,627** | 80,211,870 | **18,438,041** | 10,687,573 |
| **Total liabilities** | **150,755,536** | 155,323,153 | **45,478,760** | 45,396,449 |
| **Shareholders' equity:** | | | | |
| Share capital | **9,862,977** | 8,807,290 | **9,862,977** | 8,807,290 |
| Capital reserve | **13,295,746** | 11,420,813 | **13,635,097** | 8,984,046 |
| Other comprehensive income | **24,885** | 27,444 | **8,404** | 8,809 |
| Specific reserve | **88,325** | 107,674 | **70,387** | 81,084 |
| Surplus reserve | **2,521,414** | 1,830,257 | **2,521,414** | 1,830,257 |
| Retained earnings | **16,575,484** | 11,951,754 | **6,785,586** | 2,943,138 |
| **Total equity attributable to equity shareholders of the Company** | **42,368,831** | 34,145,232 | **32,883,865** | 22,654,624 |
| **Minority interests** | **13,530,829** | 13,729,293 | **–** | – |
| **Total equity** | **55,899,660** | 47,874,525 | **32,883,865** | 22,654,624 |
| **Total liabilities and equity** | **206,655,196** | 203,197,678 | **78,362,625** | 68,051,073 |

**Consolidated income statement and income statement**
For the year ended 31 December 2015
*(Expressed in Renminbi'000)*

| Items | The Group 2015 | The Group 2014 (Restated) | The Company 2015 | The Company 2014 |
|---|---|---|---|---|
| **1. Total operating income** | **71,014,693** | 76,633,251 | **8,621,500** | 10,068,190 |
| **2. Total operating cost** | | | | |
| Less: Operating costs | **47,213,012** | 55,415,603 | **5,732,925** | 7,252,458 |
| Sales taxes and surcharges | **709,423** | 597,178 | **98,636** | 97,700 |
| Administrative expenses | **1,995,225** | 1,977,486 | **422,317** | 391,221 |
| Finance expenses | **5,955,205** | 6,717,251 | **1,379,508** | 1,624,322 |
| Impairment losses | **1,684,692** | 1,626,293 | **1,592,310** | 2,030,758 |
| Add: Investment income | **398,442** | 837,078 | **7,542,784** | 3,572,936 |
| Including: income/(loss) from investment in associates and a joint venture | **338,734** | 664,509 | **(94,246)** | 163,072 |
| **3. Operating profit** | **13,855,578** | 11,136,518 | **6,938,588** | 2,244,667 |
| Add: Non-operating income | **501,804** | 425,114 | **27,249** | 15,566 |
| Including: profit on disposal of non-current assets | **11,373** | 16,871 | **2,854** | 6,284 |
| Less: Non-operating expenses | **542,101** | 914,113 | **51,353** | 58,507 |
| Including: loss on disposal of non-current assets | **138,092** | 749,778 | **47,807** | 52,777 |
| **4. Total profit** | **13,815,281** | 10,647,519 | **6,914,484** | 2,201,726 |
| Less: Income tax expenses | **3,335,282** | 2,218,310 | **2,911** | – |
| **5. Net profit** | **10,479,999** | 8,429,209 | **6,911,573** | 2,201,726 |
| Attributable to equity shareholders of the Company | **7,693,880** | 6,355,824 | **6,911,573** | 2,201,726 |
| Minority interests | **2,786,119** | 2,073,385 | **–** | – |

**Consolidated income statement and income statement** *(Continued)*
For the year ended 31 December 2015
*(Expressed in Renminbi'000)*

| Items | The Group 2015 | The Group 2014 (Restated) | The Company 2015 | The Company 2014 |
|---|---|---|---|---|
| **6. Other comprehensive income, net of tax** | **(2,574)** | 27,054 | **(405)** | 8,660 |
| Attributable to equity shareholders of the Company, net of tax | **(2,559)** | 26,735 | **(405)** | 8,660 |
| (i) Items that will not be subsequently reclassified to profit or loss: | **–** | – | **–** | – |
| (ii) Items that may be subsequently reclassified to profit or loss: | **(2,559)** | 26,735 | **(405)** | 8,660 |
| (1) Shares of other comprehensive income that may be subsequently reclassified to profit or loss of investees accounted for under the equity method | **(430)** | 9,228 | **(405)** | 8660 |
| (2) (Loss)/gain arising from available-for-sale financial assets | **(2,129)** | 17,507 | **–** | – |
| Attributable to minority interests, net of tax | **(15)** | 319 | **–** | – |
| **7. Total comprehensive income** | **10,477,425** | 8,456,263 | **6,911,168** | 2,210,386 |
| Attributable to equity shareholders of the Company | **7,691,321** | 6,382,559 | **6,911,168** | 2,210,386 |
| Minority interests | **2,786,104** | 2,073,704 | **–** | – |
| **8. Earnings per share** | | | | |
| Basic earnings per share *(RMB/Share)* | **0.842** | 0.793 | **n/a** | n/a |
| Diluted earnings per share *(RMB/Share)* | **n/a** | n/a | **n/a** | n/a |

## III. RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

Effects of major differences between the CAS and IFRSs on net profit and net assets attributable to equity shareholders of the Company are analysed as follows:

| | | **Profit for the year attributable to equity shareholders of the Company** | | **Total equity attributable to equity shareholders of the Company** | |
|---|---|---|---|---|---|
| | *Notes* | **2015** *RMB'000* | 2014 *RMB'000* (Restated) | **31 December 2015** *RMB'000* | 31 December 2014 *RMB'000* (Restated) |
| Amounts under CAS | | **7,693,880** | 6,355,824 | **42,368,831** | 34,145,232 |
| Adjustments: | | | | | |
| Business combination involving entities under common control | (i) | **(755,748)** | (999,840) | **3,357,611** | (4,416,338) |
| Government grants | (ii) | **35,622** | 29,431 | **(454,761)** | (444,060) |
| Maintenance, production and other similar funds | (iii) | **(17,677)** | 56,245 | **4,547** | 818 |
| Taxation impact of the adjustments | | **37,238** | 6,775 | **(744,918)** | (78,483) |
| Attributable to non-controlling interests | | **336,124** | 510,610 | **(832,121)** | 2,498,011 |
| Amounts under IFRSs | | **7,329,439** | 5,959,045 | **43,699,189** | 31,705,180 |

*Notes:*

(i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognised as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquiree for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

*Notes: (Continued)*

(ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortised to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognised as deferred income.

(iii) Pursuant to the relevant PRC regulations for coal mining companies, provision for production maintenance, production safety and other similar funds are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.