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**華電福新能源股份有限公司**  
HUADIAN FUXIN ENERGY CORPORATION LIMITED

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 00816)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

### **ANNUAL RESULTS HIGHLIGHTS**

- Revenue for the year ended 31 December 2016 amounted to RMB15,917.0 million, representing an increase of 3.4% over the comparative figures of 2015.
- Profit before tax for the year ended 31 December 2016 amounted to RMB3,156.5 million, representing an increase of 20.2% over the comparative figures of 2015.
- Profit attributable to equity owners of the Company for the year ended 31 December 2016 amounted to RMB2,023.0 million, representing an increase of 6.3% over the comparative figures of 2015.
- Earnings per share for the year ended 31 December 2016 amounted to approximately RMB22.69 cents, representing an increase of 4.7% over the comparative figures of 2015.
- The Board recommended to distribute a final dividend of RMB0.510 per 10 shares (inclusive of tax) in cash, representing an increase of RMB0.107 over the comparative figure of 2015, the proportion of the attributable profit increased from 25.0% last year to 30.2% for the year ended 31 December 2016 to shareholders of the Company.

The board of directors (“**Board**”) of Huadian Fuxin Energy Corporation Limited (the “**Company**”, “**we**” or “**our**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2016, together with comparative figures for the year ended 31 December 2015. The Company’s consolidated financial information for the year ended 31 December 2016 in this announcement was based on the Company’s consolidated financial statements, which were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2016, the economic growth in China continued to slow down. However, with the supply-side structural reform gradually takes effect, the base of macro economy started to show signs of stabilization, and the economy delivered a stable performance. With the economic development entered into a state of “New Normal”, energy consumption growth shifted to slow growth. As China thoroughly promote supply-side structural reform, power industry shows a serious of trends, including the normalization of sufficient power supply, the cleaning of power source structure, the intellectualization of power system, and the marketization of systems and mechanisms. Transitional development of electric power companies has become imperative due to the increasingly challenging market conditions.

In 2016, the overall power consumption increased by 5.0% from the previous year to 5,919.8 billion KWh. Growth drivers for power consumption continued to be shifted, consumption structure continued to be adjusted, the growth rate of power consumption in eastern and central regions took the lead and showed a trend of gradual accelerating during the year. The power generation of non-fossil energy maintained a high growth rate, the utilisation time of coal-fired power equipment further decreased. The overall power supply capacity is sufficient. The supply situation of coal used for power generation shifted from sufficient to relatively tight. The overall supply situation of natural gas used for power generation is stable.

### I. BUSINESS REVIEW

In 2016, the Group made research and conducted accurate judgment on economic situation, fully evaluated risks of all respects, made prior prevention, took multiple measures, and achieved good results. With the strategy of “Expanding to the East and Advancing to the South” of the Group gradually takes effect, the profit contribution ratio of the central, eastern and southern regions increased where the power supply is not curtailed. Facing the increasingly competitive electricity market and aiming at the severe situation of wind power curtailment in the northwest, north, and northeast China, the Group proactively carried out the work of ensuring utilisation of wind power like the power generation right cross-region substitution of wind power for coal-fired power, enhanced equipment improvement and marketing, and effectively improved the value creation ability of the Group.

In 2016, profit attributable to equity owners of the Company was RMB2,023.0 million, representing an increase of 6.3% over 2015; consolidated installed capacity held by us was 14,972.3 MW, representing an increase of 8.1% over the previous year; and gross power generation was 41,297,581.0 MWh, representing an increase of 11.1% over the previous year.

The respective consolidated installed capacity of the power generating assets of the Group as of 31 December 2016 and 2015 by type was:

### Consolidated Installed Capacity (MW)

Type	2016	2015	Change percentage
Hydropower	<b>2,507.9</b>	2,507.9	0.0%
Wind power	<b>7,340.7</b>	6,417.3	14.4%
Coal-fired power	<b>3,600.0</b>	3,600.0	0.0%
Solar energy	<b>977.0</b>	799.7	22.2%
Natural gas-fired power (distributed)	<b>521.4</b>	495.0	5.3%
Other clean energy	<b>25.3</b>	25.3	0.0%
Total	<b><u>14,972.3</u></b>	<b><u>13,845.2</u></b>	<b><u>8.1%</u></b>

The respective attributable consolidated installed capacity of the power generating assets of the Group as of 31 December 2016 and 2015 by type was:

### Attributable Consolidated Installed Capacity (MW)

Type	2016	2015	Change percentage
Hydropower	<b>1,867.0</b>	1,867.0	0.0%
Wind power	<b>6,805.5</b>	5,917.7	15.0%
Coal-fired power	<b>3,740.4</b>	3,740.4	0.0%
Solar energy	<b>942.2</b>	764.9	23.2%
Natural gas-fired power (distributed)	<b>754.7</b>	741.2	1.8%
Nuclear power	<b>1,274.1</b>	849.4	50.0%
Other clean energy	<b>25.1</b>	25.1	0.0%
Total	<b><u>15,409.0</u></b>	<b><u>13,905.7</u></b>	<b><u>10.8%</u></b>

The respective gross generation of the power generating assets of the Group in 2016 and 2015 by type was:

### Gross Power Generation (MWh)

Type	2016	2015	Change percentage
Hydropower	<b>14,090,087.3</b>	9,455,427.4	49.0%
Wind power	<b>12,159,196.7</b>	9,070,847.4	34.0%
Coal-fired power	<b>11,718,410.0</b>	15,442,391.3	-24.1%
Solar energy	<b>1,058,634.3</b>	932,079.5	13.6%
Natural gas-fired power (distributed)	<b>2,106,656.5</b>	2,114,557.8	-0.4%
Other clean energy	<b>164,596.2</b>	164,335.6	0.2%
Total	<b><u>41,297,581.0</u></b>	<b><u>37,179,639.0</u></b>	<b><u>11.1%</u></b>

#### 1. *Hydropower Business*

As of 31 December 2016, the Group had consolidated hydropower installed capacity of 2,507.9 MW. Together with its 2 projects under construction, the total capacity was 1,300.0 MW.

In 2016, the water inflow in Fujian Province was extremely abundant, with the accumulated precipitation in the seven key reservoirs amounted to 2,502.0 mm on average, which is 42.9% higher than the average level of multiple years, representing an increase of 19.7% over the previous year. The Group worked hard to coordinate hydropower companies to devote more efforts to economical operation, made scientific predictions on water and rainfall, made scientific management, fully exerted the regulation and storage functions of power stations at key reservoirs, took overall consideration and made all-round arrangement for power generation of cascade power stations, devoted all efforts to increase power generation and made a record high in hydropower generation. During the period from 1 January 2016 to 31 December 2016 (the “**Reporting Period**”), the gross hydropower generation of the Group was 14,090,087.3 MWh, representing an increase of 49.0% over the previous year; the average hydropower utilisation time was 5,622 hours, which is 45.6% higher than the 3,860 hours in the previous year. The average on-grid tariff (tax exclusive) was RMB293.6/MWh, representing an increase of RMB8.0/MWh or 2.8% over the previous year.

## **2. *Wind Power Business***

As of 31 December 2016, the Group had a consolidated wind power installed capacity of 7,340.7 MW, representing an increase of 14.4% as compared with the year ended 31 December 2015. During the Reporting Period, the consolidated installed capacity of the Group's new wind power projects which had commenced operation was 923.4 MW. The gross wind power generation was 12,159,196.7 MWh, representing an increase of 34.0% over the previous year. The average on-grid tariff (tax exclusive) was RMB459.5/MWh, representing a decrease of RMB35.9/MWh from the previous year. The average wind power utilisation time was 1,765 hours, which increased by 1.1% from the previous year. The wind power capacity under construction was 530.8 MW.

In 2016, the Group steadily optimised its wind power development layout, developed qualified wind power projects in an orderly manner, and devoted great efforts to facilitate wind power projects in the central, eastern and southern regions where power generation is not curtailed. In 2016, 18 new projects with an aggregate capacity of 1,295.6 MW were approved. As of the end of 2016, we had an accumulated reserves of approximately 3.9 GW of projects which had been approved or included in the first five batches of the approval plan (including the supplemented ones) of the National Energy Administration.

In the operation management process, we established and improved the equipment and technology management system, and effectively improved the standardization of management on the production, operation and maintenance of the Group. Remarkable results had been obtained in the comprehensive improvement and defects elimination of wind power equipment. The utilisation ratio of wind turbines reached 98.75%.

## **3. *Coal-fired Power Business***

As at 31 December 2016, the Group had a consolidated coal-fired power installed capacity of 3,600.0 MW, with one project under construction. During the Reporting Period, the gross coal-fired power generation of the Group was 11,718,410.0 MWh, representing a decrease of 24.1% from the previous year. The average coal-fired power utilisation time was 3,255 hours; the coal consumption for power generation was 310.8g/KWh; the average on-grid tariff (tax exclusive) was RMB311.6/MWh, representing a decrease of RMB23.7/MWh or 7.1% from the previous year.

Facing the increasingly intense competition in coal-fired power market and the disadvantageous situation of continuously increasing coal price, the Group proactively strived for the power generation right in the power trading market while strictly controlled its fuel purchasing costs. During the Reporting Period, the average unit price (tax exclusive) of the Group's standard coal was RMB535.6/ton, representing an increase of RMB4.2/ton, or by 0.8%, from the previous year.

#### **4. *Solar Energy Business***

In 2016, the Group pushed forward its solar energy project development in an orderly manner. During the Reporting Period, the Group recorded an increase of 177.3 MW in its consolidated installed capacity newly put into operation in solar energy business, bringing its accumulated consolidated installed capacity put into operation to 977.0 MW. In 2016, the Group's total solar power output was 1,058,634.3 MWh, and the average on-grid tariff (tax exclusive) was RMB837.9/MWh, decreased by RMB61.3/MWh from the previous year.

In 2016, the Group had obtained the approval for the Group's 14 new projects with total consolidated installed capacity up to 254.3 MW. As of the end of 2016, the Group had 632.7 MW of solar power projects which have completed record process in the national approved plans.

#### **5. *Natural Gas-fired Power and Other Business***

As at 31 December 2016, the consolidated installed capacity put into operation and the consolidated installed capacity under construction of natural gas-fired power (distributed) projects of the Group amounted to 521.4 MW and 381.7 MW, respectively. With the natural gas price being stable with a slight decline, we will capitalise on the opportunity to develop the natural gas distributed projects proactively. As of 31 December 2016, the Group had 8 distributed energy projects approved by the National Development and Reform Commission with an accumulated capacity of 912.7 MW.

As at 31 December 2016, the Group held 39.0% equity interest in Fuqing Nuclear Power Plant and 10% equity interest in Sanmen Nuclear Power Co., Ltd. The No. 3 generator set of Fuqing Nuclear Power Plant had formally commenced its commercial operation in October 2016 and the No. 4 generator set had entered into the debugging phase in December 2016.

As at 31 December 2016, we also had two biomass energy projects under operation, with consolidated installed capacity of 25.3 MW in our holding.



## II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited financial statements of the Group together with the accompanying notes.

### 1. Overview

In 2016, the Group had achieved a much better result that profit before tax increased by 20.2% to RMB3,156.5 million as compared with RMB2,625.3 million in 2015. In particular, the profit attributable to equity owners of the Company for the year of 2016 amounted to RMB2,023.0 million, representing an increase of 6.3% as compared with RMB1,903.3 million in 2015.

### 2. Revenue

The Group's revenue increased by 3.4% to RMB15,917.0 million in 2016 as compared with RMB15,392.8 million in 2015, primarily due to the increase in revenue from electricity sales of the Group's hydropower, wind power and solar energy segments.

The Group's revenue from sales of electricity increased by 6.8% to RMB15,052.9 million in 2016 as compared with RMB14,091.0 million in 2015, primarily due to an year on year increase of 10.9% in the Group's electricity sales, reflecting the stable business growth of the Group during the period.

The respective segment revenue of the Group in 2016 and 2015 is as follows:

	<b>2016</b>	2015	Change
	<i>RMB in million</i>	<i>RMB in million</i>	percentage
		<i>(Restated)</i>	
Hydropower	<b>4,037.1</b>	2,626.9	53.7%
Wind power	<b>5,290.7</b>	4,012.5	31.9%
Coal-fired power	<b>3,589.3</b>	5,272.3	-31.9%
Solar energy	<b>889.0</b>	810.2	9.7%
Natural gas-fired power (distributed)	<b>1,545.3</b>	1,587.5	-2.7%
Other	<b>557.3</b>	1,041.1	-46.5%
Total revenue of the reported segments	<b><u>15,908.7</u></b>	<u>15,350.5</u>	<u>3.6%</u>

### **3. Other income**

In 2016, the Group's other income increased by 16.3% to RMB179.7 million as compared with RMB154.5 million in 2015, primarily due to the government grants during the year of RMB117.4 million, as compared with RMB62.2 million in 2015, representing an increase of 88.7%.

### **4. Operating expenses**

The Group's operating expenses decreased by 0.1% to RMB10,745.8 million in 2016 as compared with RMB10,761.3 million in 2015.

In 2016, the fuel cost decreased from RMB3,854.3 million in 2015 to RMB3,059.4 million, representing a decrease of 20.6%. In particular, fuel costs for coal-fired power segment decreased from RMB2,659.6 million to RMB1,975.9 million due to the decrease in power generation.

The Group's depreciation and amortisation expenses increased by 23.7% to RMB4,027.2 million in 2016 as compared with RMB3,256.1 million in 2015. This increase was primarily due to commencement of operation of the Group's new generating units.

The Group's labor costs increased by 11.4% to RMB1,329.5 million in 2016 as compared with RMB1,193.9 million in 2015, primarily due to additional staff required following the commencement of operation of the Group's new generating units and the additional staff recruited for business expansion.

The Group's repair and maintenance costs increased by 16.3% to RMB497.7 million in 2016 as compared with RMB427.9 million in 2015, primarily due to the increased maintenance and repair expenses for the commencement of operation of new natural gas generator sets (distributed) and expiry of warranty for wind power sets.

The Group's other operating expenses increased by 62.5% to RMB892.8 million in 2016 as compared with RMB549.4 million in 2015, primarily due to an reduction of the proposed assets impairment at RMB176.7 million and an increase of hydro-power generation, the expenses of hydro-resources increased by RMB72.9 million of the Group.

The Group's costs of substituted electricity decreased from RMB99.5 million in 2015 to RMB0 in 2016, representing a decrease of 100%, primarily because the Group did not transfer the substituted electricity index in the year.



## 5. Operating profit

The Group's operating profit increased by 11.8% to RMB5,351.0 million in 2016 as compared with RMB4,786.0 million in 2015, primarily due to a year-on-year increase of 31.9% in sales income of wind power electricity and 53.7% in hydropower segment. The respective segment operating profit of the Group in 2016 and 2015 is as follows:

	<b>2016</b>	2015	Change
	<i>RMB in million</i>	<i>RMB in million</i>	percentage
		<i>(Restated)</i>	
Hydropower	<b>2,554.3</b>	1,249.7	104.4%
Wind power	<b>2,344.3</b>	1,947.5	20.4%
Coal-fired power	<b>156.3</b>	1,133.1	-86.2%
Solar energy	<b>367.7</b>	427.0	-13.9%
Natural gas-fired power (distributed)	<b>130.2</b>	159.6	-18.4%
Other	<b>(45.2)</b>	10.0	-552.0%

## 6. Finance income

The Group's finance income decreased by 51.8% to RMB79.8 million in 2016 as compared with RMB165.7 million in 2015, mainly due to the dividend decreased by RMB42.2 million from other investments and the decrease of interest income during the Reporting Period.

## 7. Finance expenses

The Group's finance expenses increased by 5.5% to RMB2,904.5 million in 2016 as compared with RMB2,754.2 million in 2015, primarily due to an increase in the average balance of loans of expensed interests as a result of the Group's commencement of operation of new generating units.

## 8. Share of profits of associates and joint ventures

The Group's share of profits from associates and joint ventures was RMB630.2 million in 2016 as compared with RMB427.8 million in 2015, primarily due to a year-on-year increase of RMB231.9 million in earnings from our investment in Fuqing Nuclear Power Plant this year.

## **9. Income tax**

The Group's income tax increased by 31.5% to RMB533.5 million in 2016 as compared with RMB405.8 million in 2015, primarily due to an increase of 11.8% in the operating profit, which was jointly composed by the income tax payment for our operating profit in hydropower segment and the decreased income tax for our losses in coal-fired power segment during the Reporting Period.

## **10. Net profit**

The Group's net profit increased by 18.2% to RMB2,623.0 million in 2016 as compared with RMB2,219.5 million in 2015, primarily due to the profit from the hydropower and wind power segments of the Group during the Reporting Period.

## **11. Profit attributable to equity owners of the Company**

The profit attributable to equity owners of the Company increased by 6.3% to RMB2,023.0 million in 2016 as compared with RMB1,903.3 million in 2015.

## **12. Profit attributable to non-controlling shareholders**

The Group's profit attributable to non-controlling shareholders increased by 89.8% to RMB600.0 million in 2016 as compared with RMB316.2 million in 2015, mainly due to increased year on year profit and loss attributable to the larger shareholding percentage of non-controlling shareholders from hydropower segment with the major profit ratio in the Group.

## **13. Liquidity and sources of capital**

The Group's cash and cash equivalents increased by 42.3% to RMB2,890.0 million as at 31 December 2016 as compared with the balance of RMB2,031.2 million as at 31 December 2015, primarily because of the stable operating results of hydropower, wind power and solar energy, punctual electricity charges, and comparatively sufficient cash flow of the Group. The main sources of the Group's operating capital include: (1) approximately RMB23,556.2 million of unutilised banking facilities as at 31 December 2016; and (2) approximately RMB2,890.0 million of cash and cash equivalents.

As at 31 December 2016, the Group's borrowings increased by 10.0% to RMB66,521.5 million as compared with RMB60,475.3 million as at 31 December 2015, of which RMB14,238.6 million was short-term borrowings (including the current portion of long-term borrowings), and RMB52,282.9 million was long-term borrowings.

#### **14. Capital expenditure**

The Group's capital expenditure decreased by 48.5% to RMB6,792.8 million in 2016 as compared with RMB13,184.1 million in 2015. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment.

#### **15. Net gearing ratio**

As at 31 December 2016, the Group's net gearing ratio (net debt (i.e., total borrowings less cash and cash equivalents) divided by total equity) was 277.5%, representing an increase of 1.2 percentage points as compared with 276.3% as at 31 December 2015, which was mainly due to the new debts caused by the Company's infrastructural projects in which the Group made investments during the year.

#### **16. Material acquisitions and disposals**

The Group had not conducted any material acquisition and disposal in 2016.

#### **17. Significant investment**

The Group did not conduct any material investment in 2016.

#### **18. Plans for material investments/acquisition of capital assets**

The Group has no plan for any material investment/acquisition of capital assets for the coming year.

#### **19. Pledge of assets**

Some of the Group's loans are secured by property, plant and equipment. As at 31 December 2016, the total net book value of the pledged assets amounted to RMB14,453.7 million.

#### **20. Contingent liabilities**

As at 31 December 2016, the Group provided external guarantee of RMB19.7 million over the balance of bank loans.

### **III. RISK FACTORS AND RISK MANAGEMENT**

#### **1. Industry risk**

The development and profitability of our clean energy projects are significantly dependent on the policies and regulations that support such development in the PRC. Since 2005, the PRC government has promulgated a series of laws and regulations. The gross generation and revenue of our hydropower projects are dependent upon the hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. In addition, the resettlement of relocated residents may cause significant cost increases and/or construction delays in our hydropower projects. Our wind power business is highly dependent on wind conditions. The total amounts of electricity and revenue generated from a wind power project are highly dependent on wind conditions, which vary across seasons and regions. Our coal-fired power plants are fueled by coal, and an increase in coal prices and a disruption in coal supply or its transportation could materially and adversely affect our coal-fired power business. Our natural gas distributed energy projects are fueled by natural gas. As such, a sufficient and timely supply of natural gas is essential to our natural gas-fired power (distributed) business.

#### **2. Competition risk**

We may encounter competition from utility companies which are mainly engaged in other clean energy businesses. In particular, other clean energy technologies may become more competitive and appealing. Competition from such companies may become intense if the technology used to generate electricity from these other clean energy resources becomes more sophisticated, or if the PRC government decides to bolster its support of such other clean energy resources. Clean energy resources, such as hydropower and wind power, compete with conventional energy resources, including oil and coal.

#### **3. Risk related to power grid**

In certain regions, power grids planning and construction lag behind wind power development layout. Given the insufficient consumption capacity, it is inevitable that wind power will be abandoned in the short run. In addition, power grids with insufficient transmission capacity may not be able to deliver all the potential electricity that the wind farms could generate when operating under full load, which may decrease the gross generation of the Group. In view of this, the Group flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

#### **4. Exchange rate risk**

The Group's transactions are mainly denominated in RMB, Euro, United States dollar and Hong Kong dollar. Therefore, the Group is exposed to foreign currency exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, the management has carried out continuous monitoring on the foreign exchange exposure and will consider hedging the foreign exchange exposure if it has material impact on the Group.

### **IV. PROSPECT AND OUTLOOK**

The “Paris Agreement”, officially effective in 2016, reflects that the firm determination and high unity of all nations in taking global actions to cope with climate changes, which is a milestone for speeding up the development of renewable energy. In recent years, with the rapid development of renewable energy technology in the world, new product and technology in wind power industry will emerge one after another, the lower-speed wind power resources that can be developed will be more favored in the future; the on-grid tariff parity of wind power and coal-fired power will be irresistible. Meanwhile, China is comprehensively pushing forward a new round of electricity reform, aiming to speed up energy transformation and upgrading based on the supply-side structural reform. Recently, China also issued a series of encouraging rules and policies for the renewable energies, and developed the “Green Certificate” mechanism, ensuring the subsidies and utilisation of the renewable energy like wind power. Therefore, the Group must know well of the situations facing it, sort out its thoughts, make greater efforts to reserve quality resources, deepen quality and efficiency improvement, strive to increase incomes and reduce expenditures, speed up development and upgrading, and size up the situation based on national development strategies to advance the development of each business segment in a healthy and orderly manner.

#### **Wind power and solar power**

The Group will continue to select quality wind/solar power resources from the central and southeast regions, reserve quality wind/solar power resources from the “Three-north” areas and develop them prudently based on actual energy consumption; we will, based on our development strategies, strive to explore an international path of development, pay attention to national wind/solar power Greenfield projects along the “One Belt and One Road” and push forward the development of pilot offshore wind power projects in an actively and orderly manner.

## **Hydropower**

The Group will further strengthen its efforts to control the equipment and dispatch the reservoirs in a scientific way, improve the hydropower utilisation hour and profitability, reserve quality hydropower resources, especially the greenfield projects along the “One Belt and One Road”, safeguard the healthy development of hydropower business and proactively seek for opportunities to acquire and merge middle and small hydropower stations in southwest China, contributive to the regional breakthrough in hydropower segment and the further development of pumped storage projects.

## **Natural gas power generation**

The newly issued “13th Five-year Plan on Power Development” expressly states that “China will develop natural gas generation in an orderly manner and energetically push forward the construction of distributed power generation systems”, the Group will seize the opportunity of China’s relaxing controls on the gas sources and prices, speed up developing large gas turbine projects and gas distributed projects and strive to realise rolling and rapid development of natural gas industry with greater volume.

## **Coal-fired power**

The Group will expand markets for more development channels, strengthen its internal management for lower cost, strictly control the number of new coal-fired power projects and further reduce coal consumption for power supply, laying a foundation for the sustainable development of enterprises, while paying close attention to and following the subsequent policies in support of China’s energy-saving transformation to the coal-fired units.



## OTHER INFORMATION

### 1. Profit Distribution

The Board recommended the distribution of a final dividend of RMB0.510 per 10 shares (tax inclusive) in cash, representing an increase of RMB0.107 over the comparative figure of 2015, the proportion of the attributable profit increased from 25.0% last year to 30.2%, for the year ended 31 December 2016 to shareholders. All dividends will be paid upon the approval by the shareholders at the annual general meeting of the Company for the year 2016 (“AGM”). If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended 31 December 2016 will be paid on or before 15 August 2017 to the shareholders of the Company.

As the Company is yet to confirm the date of the AGM, the record date for determining the eligibility to attend and vote at the AGM and the entitlement to the final dividend and the period for closure of register, the Company will upon confirmation thereof announce such details in the notice of the AGM.

### 2. Compliance with the Corporate Governance Code

During the Reporting Period, the Company was in compliance with the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**Corporate Governance Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### 3. Compliance with the Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct and rules governing dealings by its Directors and Supervisors in the securities of the Company. Having made specific enquiry to the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company’s securities, which terms are no less exacting than the Model Code. The Company has not discovered any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect shareholders’ interests.

#### **4. Directors' Responsibility for the Financial Statements**

The Board acknowledges its responsibility for preparing the Financial Statements of the Group for the year ended 31 December 2016. The Company's accounts are prepared in accordance with all relevant statutory requirements and appropriate accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis. The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, inside information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

#### **5. Purchase, Sale or Redemption of the Company's Listed Securities**

During the Reporting Period, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries purchased or sold any of its securities listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

#### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The 2016 annual results of the Group and the financial statements for the year ended 31 December 2016 prepared in accordance with the International Financial Reporting Standards have been reviewed by the Audit and Risk Management Committee of the Company.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year.

## **PUBLICATION OF ANNUAL RESULTS AND REPORT**

This results announcement will be published on the website of Hong Kong Stock Exchange at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website at ([www.hdfx.com.cn](http://www.hdfx.com.cn)).

The Company's 2016 annual report with all the information required under the Listing Rules will be despatched to the shareholders of the Company and will be published on the websites of the Company and Hong Kong Stock Exchange in due course.

By Order of the Board  
**Huadian Fuxin Energy Corporation Limited**  
**FANG Zheng**  
*Chairman of the Board*

Beijing, the PRC, 24 March 2017

*As at the date of this announcement, the executive Directors are Mr. FANG Zheng, Mr. SHU Fuping and Mr. LI Lixin; the non-executive Directors are Mr. TAO Yunpeng, Mr. CHEN Haibin and Mr. LI Yanan; and independent non-executive Directors are Mr. ZHANG Bai, Mr. TAO Zhigang and Mr. WU Yiqiang..*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

(Expressed in Renminbi (“RMB”))

	<i>Note</i>	<b>2016</b> <i>RMB’000</i>	2015 <i>RMB’000</i> <i>(Restated)</i>
<b>Revenue</b>	6	<u>15,917,027</u>	<u>15,392,750</u>
<b>Other income</b>	7	<u>179,733</u>	<u>154,545</u>
<b>Operating expenses</b>			
Cost of fuel		(3,059,426)	(3,854,306)
Cost of substituted electricity		–	(99,487)
Depreciation and amortisation		(4,027,177)	(3,256,112)
Service concession construction costs		(3,416)	(40,017)
Personnel costs	9(a)	(1,329,474)	(1,193,873)
Repairs and maintenance		(497,691)	(427,878)
Cost of coal sold		(424,242)	(884,558)
Administration expenses		(511,569)	(455,671)
Other operating expenses		<u>(892,775)</u>	<u>(549,399)</u>
		<u>(10,745,770)</u>	<u>(10,761,301)</u>
<b>Operating profit</b>		<u>5,350,990</u>	<u>4,785,994</u>
Finance income		79,837	165,666
Finance expenses		<u>(2,904,504)</u>	<u>(2,754,199)</u>
<b>Net finance expenses</b>	8	<u>(2,824,667)</u>	<u>(2,588,533)</u>
Share of profits less losses of associates and joint ventures		<u>630,166</u>	<u>427,807</u>
<b>Profit before taxation</b>	9	<u>3,156,489</u>	<u>2,625,268</u>
Income tax	10	<u>(533,518)</u>	<u>(405,767)</u>
<b>Profit for the year</b>		<u><u>2,622,971</u></u>	<u><u>2,219,501</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** *(continued)*

for the year ended 31 December 2016

*(Expressed in RMB)*

	<i>Note</i>	<b>2016</b> <b>RMB'000</b>	2015 <i>RMB'000</i> <i>(Restated)</i>
<b>Attributable to:</b>			
Equity shareholders and the holders of perpetual medium-term notes of the Company		<b>2,023,026</b>	1,903,310
Non-controlling interests		<b>599,945</b>	316,191
<b>Profit for the year</b>		<b><u>2,622,971</u></b>	<b><u>2,219,501</u></b>
<b>Basic and diluted earnings per share</b> <i>(RMB cents)</i>	<i>11</i>	<b><u>22.69</u></b>	<b><u>21.68</u></b>
<b>Profit for the year</b>		<b>2,622,971</b>	2,219,501
<b>Other comprehensive income for the year (after tax):</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		<b>5,147</b>	19,704
Available-for-sale securities: changes in fair value recognised during the year		<b>(34,008)</b>	6,938
<b>Other comprehensive income for the year</b>		<b><u>(28,861)</u></b>	<b><u>26,642</u></b>
<b>Total comprehensive income for the year</b>		<b><u>2,594,110</u></b>	<b><u>2,246,143</u></b>
<b>Attributable to:</b>			
Equity shareholders and the holders of perpetual medium-term notes of the Company		<b>1,994,165</b>	1,929,952
Non-controlling interests		<b>599,945</b>	316,191
<b>Total comprehensive income for the year</b>		<b><u>2,594,110</u></b>	<b><u>2,246,143</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

		<b>31 December 2016</b>	31 December 2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
<b>Non-current assets</b>			
Property, plant and equipment		<b>78,611,860</b>	76,255,315
Lease prepayments		<b>1,481,849</b>	1,236,857
Intangible assets		<b>1,130,202</b>	1,119,696
Interest in associates and joint ventures		<b>7,505,868</b>	6,742,434
Other non-current assets		<b>3,953,125</b>	4,327,065
Deferred tax assets		<b>364,754</b>	359,219
<b>Total non-current assets</b>		<b>93,047,658</b>	90,040,586
<b>Current assets</b>			
Inventories		<b>249,487</b>	398,033
Trade debtors and bills receivable	12	<b>5,052,102</b>	3,605,852
Prepayments and other current assets		<b>1,500,999</b>	1,766,699
Tax recoverable		<b>38,105</b>	26,207
Restricted deposits		<b>64,332</b>	422,088
Cash and cash equivalents		<b>2,889,950</b>	2,031,198
<b>Total current assets</b>		<b>9,794,975</b>	8,250,077
<b>Current liabilities</b>			
Borrowings		<b>14,238,617</b>	12,903,227
Obligations under finance leases		<b>25,261</b>	52,855
Trade creditors and bills payable	13	<b>1,569,040</b>	2,527,790
Other payables		<b>9,912,927</b>	12,149,223
Deferred income		<b>40,447</b>	30,830
Tax payable		<b>250,071</b>	195,902
<b>Total current liabilities</b>		<b>26,036,363</b>	27,859,827
<b>Net current liabilities</b>		<b>(16,241,388)</b>	(19,609,750)
<b>Total assets less current liabilities</b>		<b>76,806,270</b>	70,430,836



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*  
*(Expressed in RMB)*

	<b>31 December 2016 RMB'000</b>	31 December 2015 RMB'000 <i>(Restated)</i>
<b>Non-current liabilities</b>		
Borrowings	52,282,944	47,572,092
Obligations under finance leases	251,906	454,063
Deferred income	465,543	412,249
Deferred tax liabilities	877,395	842,212
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>53,877,788</b>	49,280,616
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>22,928,482</b>	21,150,220
	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>		
Share capital	8,407,962	8,407,962
Reserves	9,631,717	8,075,522
Perpetual medium-term notes	1,994,000	1,994,000
	<hr/>	<hr/>
<b>Total equity attributable to equity shareholders and the holders of perpetual medium-term notes of the Company</b>	<b>20,033,679</b>	18,477,484
<b>Non-controlling interests</b>	<b>2,894,803</b>	2,672,736
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>22,928,482</b>	21,150,220
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## **NOTES TO THE FINANCIAL STATEMENTS**

*(Expressed in RMB unless otherwise indicated)*

### **1 PRINCIPAL ACTIVITIES AND ORGANISATION**

Huadian Fuxin Energy Corporation Limited (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 19 August 2011 as a joint stock company with limited liability. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKSE**”) on 28 June 2012. The Company and its subsidiaries (together the “**Group**”) are mainly engaged in the generation and sale of hydropower, wind power, coal-fired power, solar power, natural gas-fired power and other clean power in the PRC.

### **2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and interpretations issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on HKSE.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### **3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements for the year ended 31 December 2016 comprise the Group and the Group's interest in associates and joint ventures.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2016 amounted to RMB16,241,388,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements.

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

The preparation of 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 values 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.

### **4 CHANGES IN ACCOUNTING POLICIES**

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 5 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments:

- Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.
- Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.
- Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.
- Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.
- Natural gas-fired power: this segment constructs, manages and operates natural gas-fired power plants and generates electric power for sale to power grid companies.
- Other business: this segment mainly manages and operates other clean energy power and heat plants and generates electric power for sale to power grid companies or heat for sale to the customers. This segment also operates coal trading business.

### (a) Segment Results, Assets and Liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and joint ventures, investments in financial assets, tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade creditors and bills payable, other payables and borrowings managed directly by the segments. Segment liabilities do not include tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include service concession construction revenue and cost, and unallocated head office and corporate revenue and expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below:

***For the year ended 31 December 2016***

	Hydropower RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Solar power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Total RMB'000
Revenue from external customers							
– Sales of electricity	4,024,568	5,259,341	3,413,658	888,876	1,361,397	105,032	15,052,872
– Sales of heat and others	12,569	31,380	175,634	85	183,922	452,246	855,836
<b>Reportable segment revenue</b>	<b>4,037,137</b>	<b>5,290,721</b>	<b>3,589,292</b>	<b>888,961</b>	<b>1,545,319</b>	<b>557,278</b>	<b>15,908,708</b>
<b>Reportable segment profit (operating profit)</b>	<b>2,554,309</b>	<b>2,344,253</b>	<b>156,250</b>	<b>367,718</b>	<b>130,209</b>	<b>(45,180)</b>	<b>5,507,559</b>
Depreciation and amortisation	(481,729)	(2,368,994)	(663,959)	(303,421)	(174,548)	(29,671)	(4,022,322)
Interest income	5,455	23,934	14,894	1,320	279	1,320	47,202
Interest expenses	(105,755)	(1,653,902)	(319,922)	(205,361)	(119,374)	(27,665)	(2,431,979)
Impairment losses of property, plant and equipment	(1,466)	(46,100)	-	(18,350)	(46,850)	(30,000)	(142,766)
Impairment losses of trade debtors and other receivables	(3,073)	(367)	(29,695)	-	(135)	-	(33,270)
Addition to non-current segment assets during the year	585,424	3,296,689	1,559,339	774,450	511,630	58,444	6,785,976
<b>Reportable segment assets</b>	<b>10,669,188</b>	<b>54,732,230</b>	<b>13,191,821</b>	<b>8,889,884</b>	<b>4,706,057</b>	<b>959,969</b>	<b>93,149,149</b>
<b>Reportable segment liabilities</b>	<b>3,174,662</b>	<b>44,373,339</b>	<b>9,939,405</b>	<b>6,850,900</b>	<b>3,554,213</b>	<b>741,060</b>	<b>68,633,579</b>

***For the year ended 31 December 2015 (restated)***

	Hydropower RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Solar power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Total RMB'000
Revenue from external customers							
– Sales of electricity	2,619,363	4,005,104	5,098,154	809,119	1,455,186	104,095	14,091,021
– Sales of heat and others	7,572	7,374	174,148	1,077	132,276	936,984	1,259,431
<b>Reportable segment revenue</b>	<b>2,626,935</b>	<b>4,012,478</b>	<b>5,272,302</b>	<b>810,196</b>	<b>1,587,462</b>	<b>1,041,079</b>	<b>15,350,452</b>
<b>Reportable segment profit (operating profit)</b>	<b>1,249,651</b>	<b>1,947,576</b>	<b>1,133,057</b>	<b>427,038</b>	<b>159,580</b>	<b>10,023</b>	<b>4,926,925</b>
Depreciation and amortisation	(471,808)	(1,676,195)	(646,149)	(269,877)	(156,092)	(32,044)	(3,252,165)
Interest income	3,314	85,248	3,587	7,435	1,481	1,217	102,282
Interest expenses	(157,902)	(1,342,636)	(388,062)	(227,541)	(104,161)	(19,074)	(2,239,376)
Impairment losses of property, plant and equipment	–	(3,432)	(33,520)	–	–	–	(36,952)
Impairment losses of trade debtors and other receivables	(78)	–	–	–	–	–	(78)
Addition to non-current segment assets during the year	503,683	9,844,925	963,724	1,118,480	666,870	76,619	13,174,301
<b>Reportable segment assets</b>	<b>10,673,160</b>	<b>53,950,794</b>	<b>12,600,062</b>	<b>7,882,866</b>	<b>4,405,440</b>	<b>1,216,824</b>	<b>90,729,146</b>
<b>Reportable segment liabilities</b>	<b>3,852,980</b>	<b>44,477,852</b>	<b>9,208,696</b>	<b>6,217,717</b>	<b>3,390,873</b>	<b>1,172,985</b>	<b>68,321,103</b>



**(b) Reconciliations of Reportable Segment Revenue, Profit, Assets and Liabilities**

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
<b>Revenue</b>		
Reportable segment revenue	<b>15,908,708</b>	15,350,452
Service concession construction revenue	<b>3,416</b>	40,017
Unallocated head office and corporate revenue	<b>4,903</b>	2,281
	<hr/>	<hr/>
Consolidated revenue	<b>15,917,027</b>	15,392,750
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit</b>		
Reportable segment profit	<b>5,507,559</b>	4,926,925
Unallocated head office and corporate revenue	<b>4,903</b>	2,281
Unallocated head office and corporate expenses	<b>(181,974)</b>	(142,608)
Share of profits less losses of associates and joint ventures	<b>630,166</b>	427,807
Net finance expenses	<b>(2,824,667)</b>	(2,588,533)
Gain/(loss) on disposal of equity investment	<b>20,502</b>	(604)
	<hr/>	<hr/>
Consolidated profit before taxation	<b>3,156,489</b>	2,625,268
	<hr/> <hr/>	<hr/> <hr/>
<b>Assets</b>		
Reportable segment assets	<b>93,149,149</b>	90,729,146
Inter-segment receivables	<b>(3,810,916)</b>	(2,997,773)
	<hr/>	<hr/>
	<b>89,338,233</b>	87,731,373
Interest in associates and joint ventures	<b>7,505,868</b>	6,742,434
Other non-current assets – available-for-sale investment	<b>895,811</b>	959,819
Deferred tax assets	<b>364,754</b>	359,219
Tax recoverable	<b>38,105</b>	26,207
Unallocated head office and corporate assets	<b>4,699,862</b>	2,471,611
	<hr/>	<hr/>
Consolidated total assets	<b>102,842,633</b>	98,290,663
	<hr/> <hr/>	<hr/> <hr/>

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
<b>Liabilities</b>		
Reportable segment liabilities	<b>68,633,579</b>	68,321,103
Inter-segment payables	<b>(3,810,916)</b>	(2,997,773)
	<b>64,822,663</b>	65,323,330
Tax payable	<b>250,071</b>	195,902
Deferred tax liabilities	<b>877,395</b>	842,212
Unallocated head office and corporate liabilities	<b>13,964,022</b>	10,778,999
Consolidated total liabilities	<b>79,914,151</b>	77,140,443

**(c) Geographical Information**

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

**(d) Major Customers**

Revenue from the sales of electricity to the PRC government controlled power grid companies amounted to RMB14,056,573,000 for the year ended 31 December 2016 (2015: RMB13,018,002,000 (restated)).

## 6 REVENUE

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

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Sales of electricity	<b>15,052,872</b>	14,091,021
Service concession construction revenue	<b>3,416</b>	40,017
Sales of coal	<b>443,949</b>	901,445
Others	<b>416,790</b>	360,267
	<b>15,917,027</b>	15,392,750

## 7 OTHER INCOME

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Government grants	<b>117,358</b>	62,168
Net gain/(loss) on disposal of property, plant and equipment	<b>5,061</b>	(2,002)
Penalty income from equipment suppliers <i>(note (i))</i>	<b>12,288</b>	46,401
Gain/(loss) on disposal of equity investment	<b>20,502</b>	(604)
Others	<b>24,524</b>	48,582
	<b>179,733</b>	154,545

*Note:*

- (i) Penalty income from equipment suppliers mainly represents the amounts received/receivable from the third party equipment suppliers to compensate the losses incurred by the Group due to poor warranty services provided by the suppliers.

## 8 FINANCE INCOME AND EXPENSES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Interest income on financial assets not at fair value through profit or loss	55,567	99,222
Dividend income from securities	24,270	66,444
Finance income	<u>79,837</u>	<u>165,666</u>
Interest on bank loans and other borrowings	3,071,321	3,120,042
Finance charges on obligations under finance leases	21,489	33,922
Less: interest expenses capitalised into property, plant and equipment	<u>(232,907)</u>	<u>(425,816)</u>
	2,859,903	2,728,148
Bank charges and others	25,211	25,527
Net foreign exchange losses	19,390	524
Finance expenses	<u>2,904,504</u>	<u>2,754,199</u>
Net finance expenses recognised in profit or loss	<u><u>(2,824,667)</u></u>	<u><u>(2,588,533)</u></u>

The borrowing costs have been capitalised at rates of 3.92% to 6.20% per annum for the year ended 31 December 2016 (2015: 4.13% to 6.88%).

## 9 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Personnel Costs

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Salaries, wages and other benefits	<b>1,173,544</b>	1,058,256
Contributions to defined contribution retirement plans	<b>155,930</b>	135,617
	<b><u>1,329,474</u></b>	<b><u>1,193,873</u></b>

### (b) Other Items

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Amortisation		
– lease prepayments	<b>29,054</b>	24,859
– intangible assets	<b>42,991</b>	38,726
Depreciation		
– property, plant and equipment	<b>3,955,132</b>	3,192,527
Impairment losses		
– property, plant and equipment	<b>142,766</b>	36,952
– prepayments and other current assets	<b>39,858</b>	77
– trade debtors	<b>(6,588)</b>	1
Auditors' remuneration		
– audit services	<b>11,550</b>	10,600
– other services	<b>2,700</b>	2,500
Operating lease charges		
– hire of machinery	<b>7,141</b>	6,226
– hire of properties	<b>66,498</b>	64,796
Cost of inventory	<b><u>3,812,176</u></b>	<b><u>5,045,816</u></b>

## 10 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### (a) Taxation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income Represents:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
<b>Current tax</b>		
Provision for the year	<b>506,829</b>	427,321
(Over)/under provision in respect of prior years	<u>(2,996)</u>	<u>11,737</u>
	<b>503,833</b>	439,058
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>29,685</u>	<u>(33,291)</u>
<b>Total income tax</b>	<b><u>533,518</u></b>	<b><u>405,767</u></b>

The current tax provision mainly included the PRC Corporate Income Tax which is made by the Company and its subsidiaries located in the PRC. It is calculated based on a statutory rate of 25% of the assessable profit, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2016 and 2015.

**(b) Reconciliation Between Tax Expense and Accounting Profit at Applicable Tax Rates:**

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Profit before taxation	<b>3,156,489</b>	2,625,268
Applicable tax rate	<b>25%</b>	25%
Notional tax on profit before taxation	<b>789,122</b>	656,317
Tax effect of non-deductible expenses	<b>12,965</b>	26,726
Tax effect of non-taxable income	<b>(191,272)</b>	(131,637)
Tax effect of PRC tax concessions <i>(note (i))</i>	<b>(211,403)</b>	(245,314)
Tax effect of unused tax losses not recognised	<b>146,721</b>	91,734
Tax effect of utilisation of unrecognised tax losses in prior years	<b>(9,619)</b>	(3,796)
(Over)/under provision in respect of prior years	<b>(2,996)</b>	11,737
Actual tax expenses	<b>533,518</b>	405,767

*Note:*

- (i) Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

Under the relevant tax regulations, certain subsidiaries of the Company, being enterprises engaged in public infrastructure projects, are entitled to tax holidays of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income was derived.

## 11 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,908,028,000 (2015: RMB1,822,490,000 (restated)) and 8,407,962,000 ordinary shares (2015: 8,407,962,000 ordinary shares) in issue during the year, calculated as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Profit attributable to equity shareholders and the holders of perpetual medium-term notes of the Company	<b>2,023,026</b>	1,903,310
Less: distribution to the holders of perpetual medium-term notes	<u><b>(115,000)</b></u>	<u>(80,819)</u>
Profit attributable to ordinary equity shareholders of the Company	<u><b>1,908,026</b></u>	<u>1,822,491</u>

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.



## 12 TRADE DEBTORS AND BILLS RECEIVABLE

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Amounts due from third parties	<b>5,039,050</b>	3,640,341
Amounts due from an associate	<b>6,750</b>	–
Amounts due from fellow subsidiaries	<b>16,227</b>	–
Less: allowance for doubtful accounts	<b>(9,925)</b>	(34,489)
	<b><u>5,052,102</u></b>	<b><u>3,605,852</u></b>

### (a) Ageing Analysis

The ageing analysis of trade debtors and bills receivable of the Group based on the due date is as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Current	<b>5,062,027</b>	3,640,341
Less: allowance for doubtful accounts	<b>(9,925)</b>	(34,489)
	<b><u>5,052,102</u></b>	<b><u>3,605,852</u></b>

The Group's trade debtors are mainly electricity sales receivable from local grid companies for whom there was no recent history of default. Generally the debtors are due within 15–30 days from the date of invoice, except for the tariff premium of renewable energy, representing approximately 22% to 90% of total electricity sales, relating to certain renewable energy projects, such as wind power projects and solar power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

**(b) Impairment of Trade Debtors and Bills Receivable**

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

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
At 1 January	<b>34,489</b>	34,489
Impairment losses recognised	<b>2,449</b>	1
Uncollectible amounts written off	<b>(17,976)</b>	(1)
Reversal of impairment losses	<b>(9,037)</b>	–
	<hr/>	<hr/>
At 31 December	<b>9,925</b>	34,489
	<hr/> <hr/>	<hr/> <hr/>

The Group's trade debtors and bills receivable of RMB9,925,000 as at 31 December 2016 (31 December 2015: RMB34,489,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

(c) **Trade Debtors and Bills Receivable That Are Not Impaired**

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

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(Restated)</i>
Neither past due nor impaired	<b><u>5,052,102</u></b>	<b><u>3,605,852</u></b>

Pursuant to CaiJian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2016, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course and these trade and bills receivable from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

Trade debtors and bills receivable that were neither past due nor impaired mainly represented the electricity sales receivables from local grid companies for whom there was no recent history of default. All trade debtors and bills receivable are expected to be recovered within one year.

### 13 TRADE CREDITORS AND BILLS PAYABLE

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade creditors to third parties	<b>279,661</b>	363,098
Bills payable to third parties	<b>512,382</b>	1,870,575
Amounts due to related parties	<b>400,251</b>	67,537
Bills payable to related parties	<b>376,746</b>	226,580
	<b>1,569,040</b>	2,527,790

The ageing analysis for the trade creditors and bills payable, based on due date, is as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Due within 3 months or on demand	<b>998,562</b>	1,078,816
Due after 3 months but within 6 months	<b>369,376</b>	988,847
Due after 6 months but within 1 year	<b>201,102</b>	460,127
	<b>1,569,040</b>	2,527,790

All of the trade creditors and bill payable are expected to be settled within one year or are repayable on demand.

## 14 DIVIDENDS

### (a) Dividends Payable to Equity Shareholders of the Company Attributable to the Year

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB0.0510 per share (2015: RMB0.0403 per share)	<b>428,806</b>	338,841

The Board resolved on 24 March 2017 that RMB0.0510 per share is to be distributed to the shareholders for 2016, subject to approval of the shareholders at the coming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

### (b) Dividends Payable to Equity Shareholders of the Company Attributable to the Previous Financial Year, Approved and Paid During the Year

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Final dividend in respect of the previous year approved and paid during the year of RMB0.0403 per share (2015: RMB0.0435 per share)	<b>338,841</b>	365,746