China Power International Development Limited
中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code : 2380)

CLEAN ENERGY
GREEN ENTERPRISE

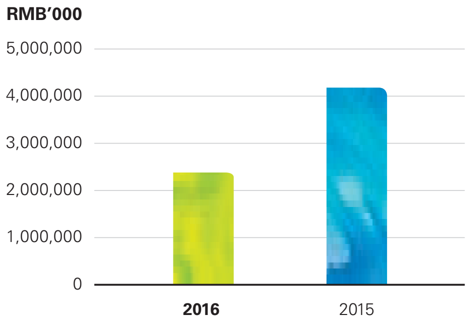
ANNUAL REPORT 2016

CONTENTS

2016 Financial Highlights

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

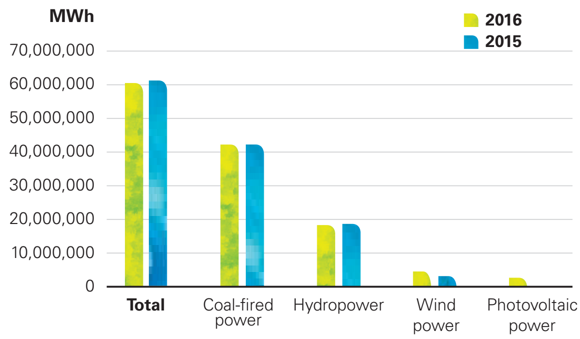
for the year ended 31 December



	2016 RMB'000	2015 RMB'000	Change %
Profit attributable to owners of the Company	**2,365,868**	4,149,018	-42.98
Profit attributable to owners of the Company (excluding the one-off after tax gain)	**2,365,868**	3,321,811	-28.78

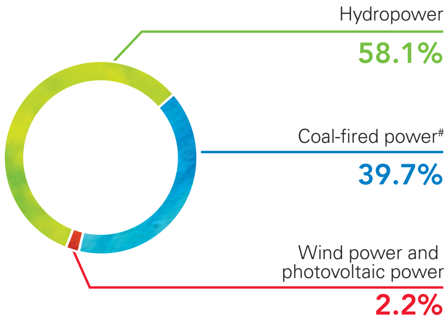
TOTAL ELECTRICITY SOLD

for the year ended 31 December

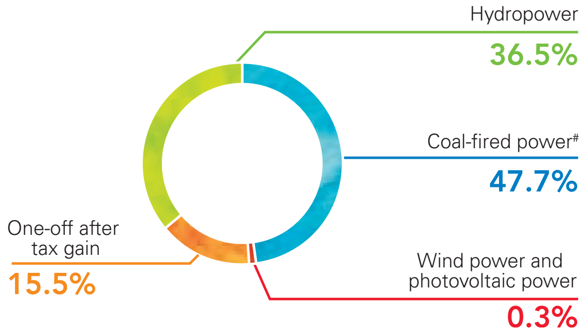


	2016 MWh	2015 MWh	Change %
Total power generation of subsidiaries	**63,403,445**	63,531,141	–0.20
Total electricity sold of subsidiaries	**60,760,318**	60,868,493	–0.18
— Coal-fired power	**42,244,478**	42,252,014	–0.02
— Hydropower	**17,819,196**	18,313,257	–2.70
— Wind power	**441,614**	303,222	45.64
— Photovoltaic power	**255,030**	N/A	N/A
Total electricity sold of major associates and joint ventures			
Changshu Power Plant (50%-owned by the Group)			
— Coal-fired power	**16,988,901**	15,842,150	7.24
— Photovoltaic power	**14,693**	N/A	N/A
Xintang Power Plant (50%-owned by the Group)			
— Coal-fired power	**3,495,379**	3,045,670	14.77

NET PROFIT
for the year ended 31 December 2016



NET PROFIT
for the year ended 31 December 2015



	2016 RMB'000	Proportion %	2015 RMB'000	Proportion %
Net profit	**3,255,487**	**100**	5,329,598	100
— Coal-fired power#	**1,294,237**	**39.7**	2,543,152	47.7
— Hydropower	**1,890,131**	**58.1**	1,946,342	36.5
— Wind power and photovoltaic power	**71,119**	**2.2**	12,897	0.3
— One-off after tax gain	**N/A**	**N/A**	827,207	15.5

\# *It included unallocated items, please refer to the details as set out in Note 4 "Turnover, revenue and segment information" in the notes to the consolidated financial statements.*

	2016 RMB'000	2015 RMB'000	Change %
Revenue	**18,866,153**	20,196,670	-6.59
Profit attributable to owners of the Company	**2,365,868**	4,149,018	-42.98

	RMB	RMB	%
Earnings per share			
Basic	**0.32**	0.58	-44.83
Diluted	**0.32**	0.56	-42.86

	2016 RMB'000	2015 RMB'000	Change %
Shareholders' equity, excluding non-controlling interests	**27,266,993**	27,320,528	-0.20
Total assets	**91,187,161**	86,243,112	5.73
Cash and cash equivalents	**1,809,415**	1,528,017	18.42
Total debts	**47,734,850**	42,687,785	11.82

Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

WANG Binghua *(Chairman)*
GUAN Qihong

Independent Non-executive Directors

KWONG Che Keung, Gordon
LI Fang
YAU Ka Chi

Executive Directors

YU Bing *(President)*
WANG Zichao

AUDIT COMMITTEE

KWONG Che Keung, Gordon *(Chairman)*
LI Fang
YAU Ka Chi

RISK MANAGEMENT COMMITTEE

YU Bing *(Chairman)*
KWONG Che Keung, Gordon
LI Fang
YAU Ka Chi

REMUNERATION AND NOMINATION COMMITTEE

LI Fang *(Chairman)*
KWONG Che Keung, Gordon
YAU Ka Chi

EXECUTIVE COMMITTEE

YU Bing *(Chairman)*
WANG Zichao
All vice presidents of the Company

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6301, 63/F., Central Plaza
18 Harbour Road
Wanchai, Hong Kong

BEIJING OFFICE

East Building, Hui Huang Shi Dai Plaza
56 North West Fourth Ring Road, Haidian District
Beijing, China

COMPANY WEBSITE

www.chinapower.hk

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

- Ordinary Shares (Stock Code: 2380)
- RMB2,000,000,000 4.50% Corporate Bonds Due 2017 (Stock Code: 85960)

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

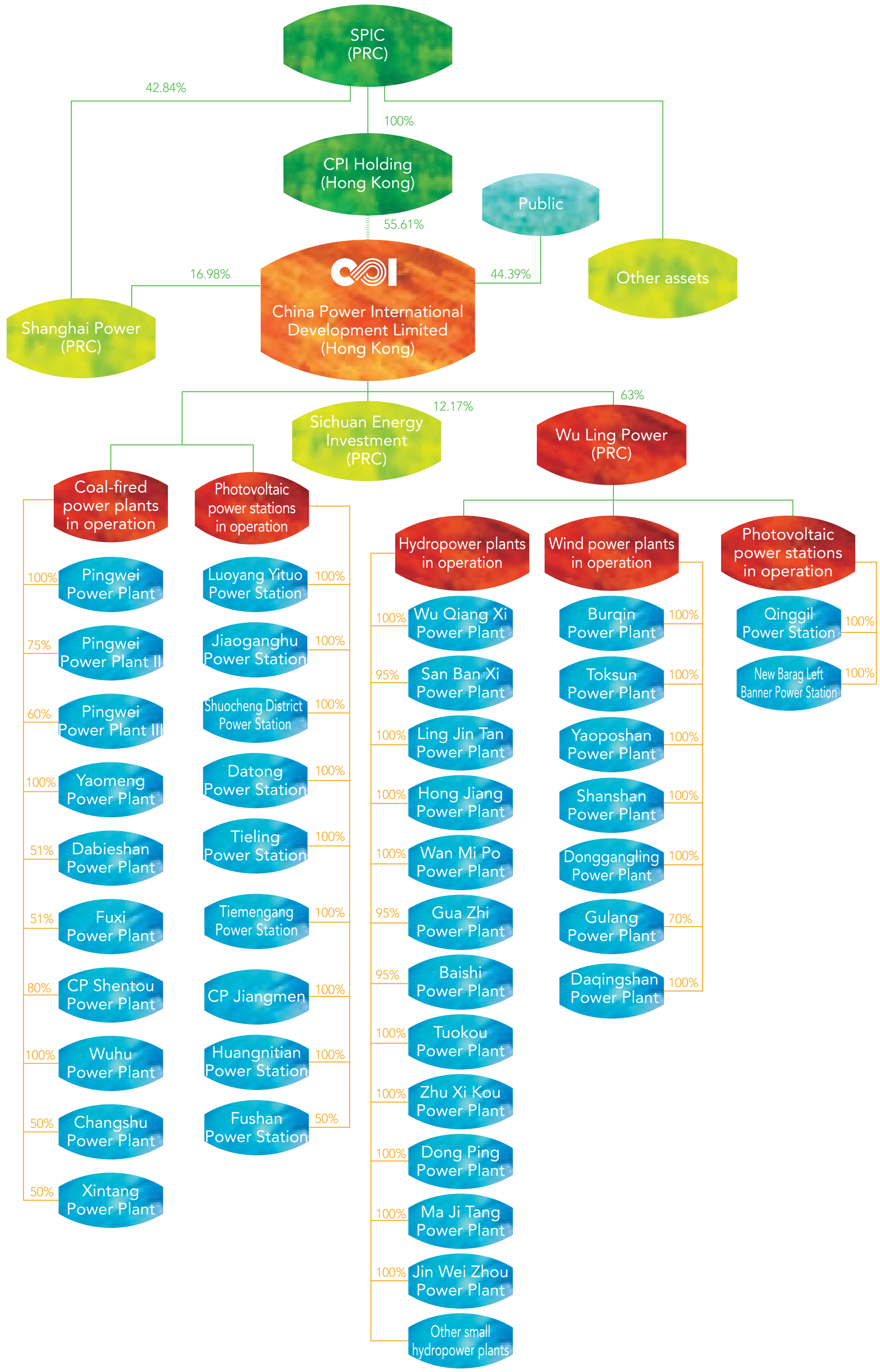
COMPANY SECRETARY

CHEUNG Siu Lan

AUDITOR

Deloitte Touche Tohmatsu

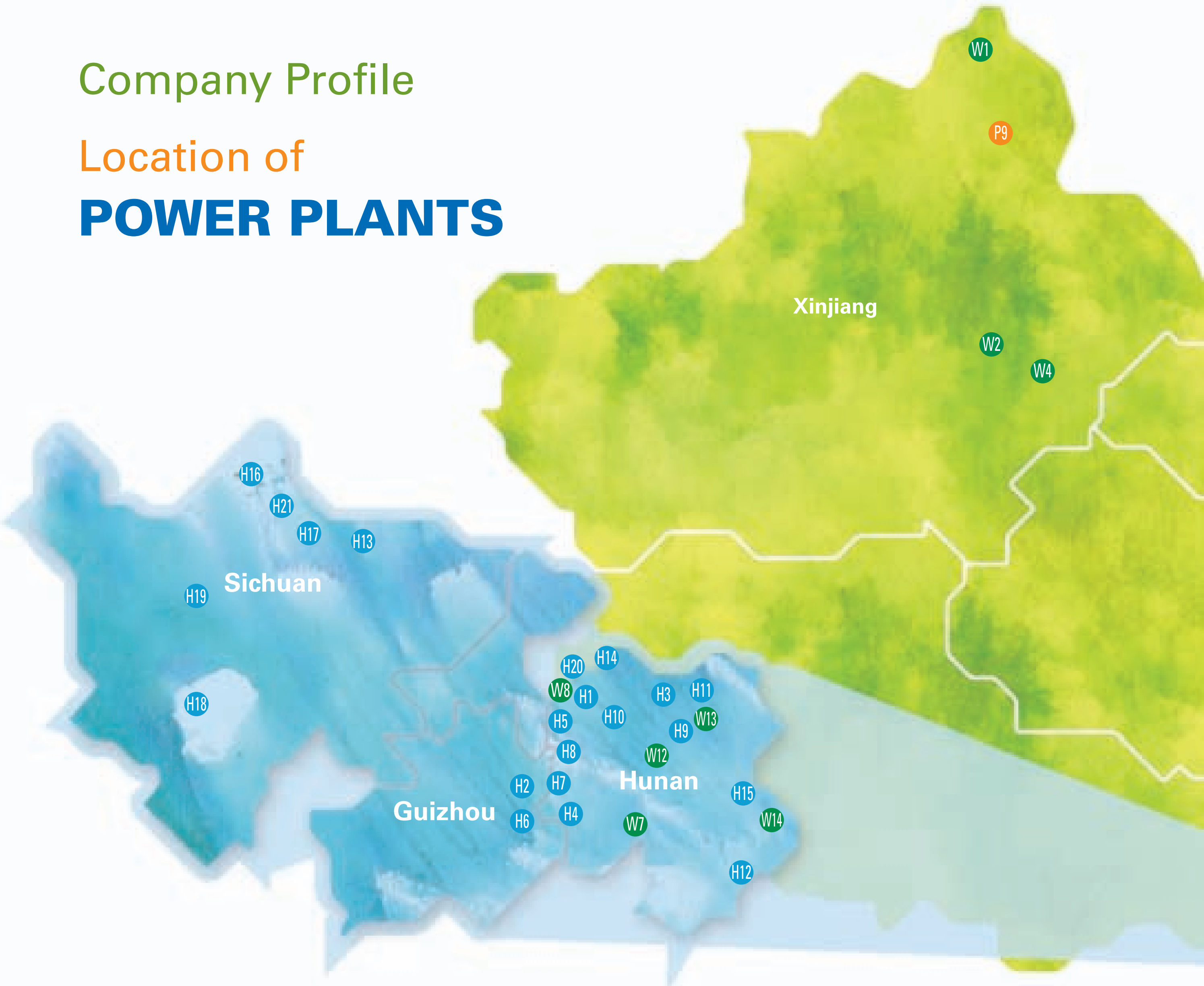
Group Structure



Note: The above group structure is recorded as at the date of this annual report.

Company Profile

Location of
POWER PLANTS

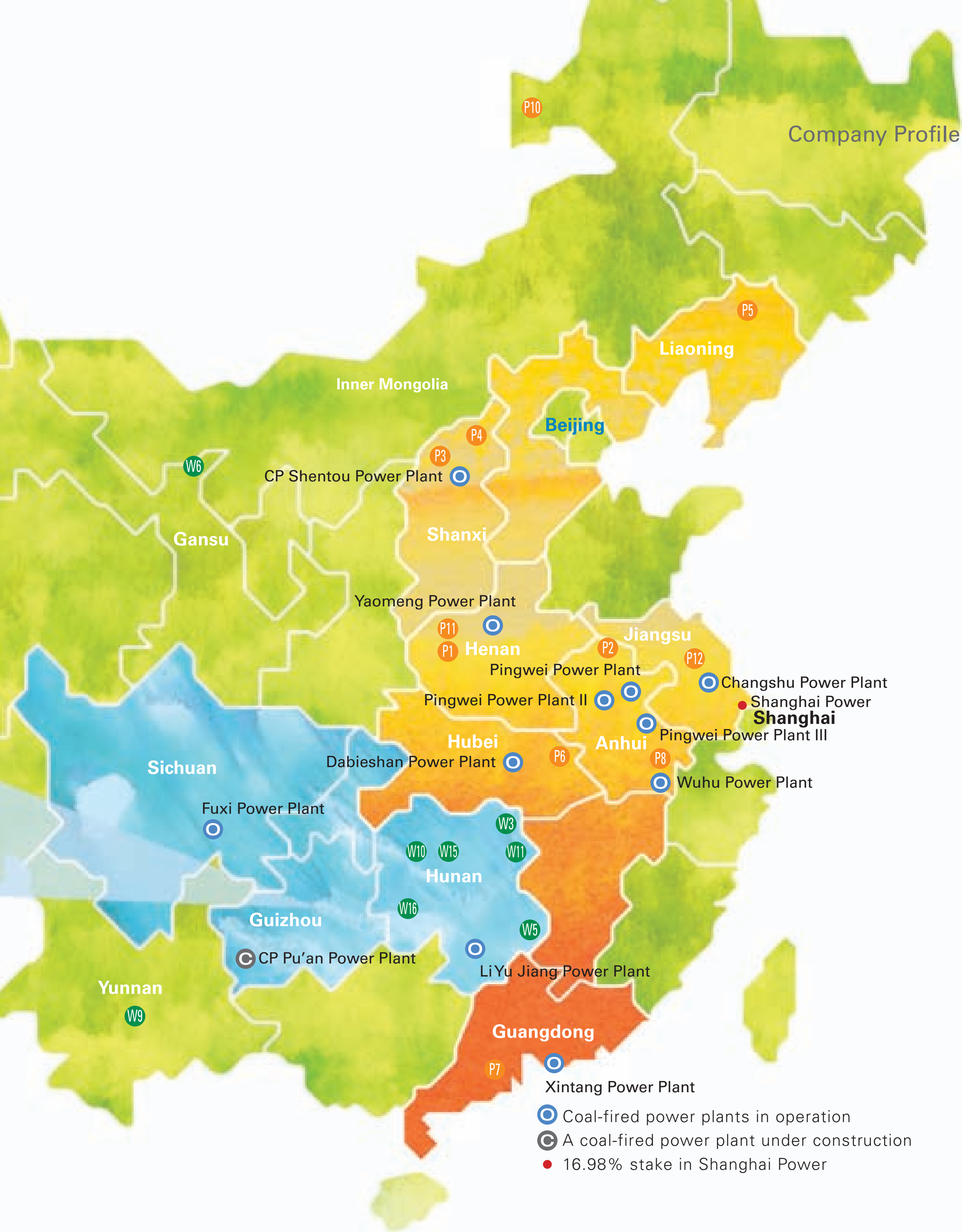


Hydropower

H1	Wu Qiang Xi Power Plant	H8	Tuokou Power Plant	H19	Jiesigou Power Plant
H2	San Ban Xi Power Plant	H9	Zhu Xi Kou Power Plant	H20	Luoshuidong Power Plant
H3	Ling Jin Tan Power Plant	H10	Dong Ping Power Plant	H21	Mawo Power Plant
H4	Hong Jiang Power Plant	H11	Ma Ji Tang Power Plant		
H5	Wan Mi Po Power Plant	H12	Jin Wei Zhou Power Plant		
H6	Gua Zhi Power Plant	H13 – H18	Other small hydropower plants		
H7	Baishi Power Plant				

Wind Power

W1	Burqin Power Plant	W7	Xinshao Longshan Power Plant	W12	Weishan Power Plant
W2	Toksun Power Plant	W8	Daqingshan Power Plant	W13	Songmutang Power Plant
W3	Yaoposhan Power Plant	W9	Xinping Power Plant	W14	Taihexian Power Plant
W4	Shanshan Power Plant	W10	Lianyuan Longshan Power Plant	W15	Ziyunshan Power Plant
W5	Donggangling Power Plant	W11	Jingzhushan Power Plant	W16	Shangjiangxu Power Plant
W6	Gulang Power Plant				



Photovoltaic Power

P1	Luoyang Yituo Power Station	P5	Tieling Power Station	P9	Qinggil Power Station
P2	Jiaoganghu Power Station	P6	Tiemengang Power Station	P10	New Barag Left Banner Power Station
P3	Shuocheng District Power Station	P7	CP Jiangmen	P11	Yiyang Power Station
P4	Datong Power Station	P8	Huangnitan Power Station	P12	Fushan Power Station

China Power International Development Limited (the "Company" or "China Power") was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance on 24 March 2004 and is a core subsidiary for conventional energy business of State Power Investment Corporation ("SPIC"), the only one integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the People's Republic of China (the "PRC" or "China").

The shares of the Company were listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 15 October 2004. The stock code is 2380. The Company's principal business is to develop, construct, own, operate and manage large power plants in the PRC.

EXISTING POWER PLANTS

As at 31 December 2016, the Company and its subsidiaries (collectively, the "Group" or "We") owned and operated the power plants as follows:

Coal-fired Power

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Pingwei Power Plant	1,260	100	1,260
Pingwei Power Plant II	1,280	75	960
Pingwei Power Plant III	2,000	60	1,200
Yaomeng Power Plant	2,470	100	2,470
Dabieshan Power Plant	1,280	51	652.8
Fuxi Power Plant	1,200	51	612
CP Shentou Power Plant	1,200	80	960
Wuhu Power Plant	1,320	100	1,320
Changshu Power Plant	3,320	50	1,660
Xintang Power Plant	600	50	300
Li Yu Jiang Power Plant	600	25.2	151.2
Shanghai Power	8,835	16.98	1,500.1
Total	**25,365**		**13,046.1**

Hydropower

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Wu Qiang Xi Power Plant	1,200	63	756
San Ban Xi Power Plant	1,000	59.85	598.5
Ling Jin Tan Power Plant	270	63	170.1
Hong Jiang Power Plant	270	63	170.1
Wan Mi Po Power Plant	240	63	151.2
Gua Zhi Power Plant	150	59.85	89.8
Baishi Power Plant	420	59.85	251.4
Tuokou Power Plant	830	63	522.9
Zhu Xi Kou Power Plant	74	63	46.6
Dong Ping Power Plant	72	63	45.4
Ma Ji Tang Power Plant	55.5	63	35
Jin Wei Zhou Power Plant	63	63	39.7
Other small hydropower plants	137.5	~57.33–63	85.7
Sichuan Energy Investment	141.3	12.17	17.2
Total	**4,923.3**		**2,979.6**

Wind Power

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Burqin Power Plant	49.5	63	31.2
Toksun Power Plant	49.5	63	31.2
Yaoposhan Power Plant	50	63	31.5
Shanshan Power Plant	99	63	62.4
Donggangling Power Plant	50	63	31.5
Gulang Power Plant	100	44.1	44.1
Shanghai Power	488	16.98	82.9
Total	**886**		**314.8**

Photovoltaic Power

Power Station	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Luoyang Yituo Power Station	6	100	6
Jiaoganghu Power Station	40	100	40
Shuocheng District Power Station	50	100	50
Datong Power Station	100	100	100
Tieling Power Station	25	100	25
Tiemengang Power Station	50	100	50
CP Jiangmen	14	100	14
Huangnitan Power Station	20	100	20
Qinggil Power Station	20	63	12.6
New Barag Left Banner Power Station	10	63	6.3
Fushan Power Station	20	50	10
Shanghai Power	319.2	16.98	54.2
Total	**674.2**		**388.1**

As at 31 December 2016, the Group's total attributable installed capacity was 16,728.6MW, of which attributable installed capacity of clean energy was 3,682.5MW, accounting for 22.01% of all attributable installed capacity.

As at 31 December 2016, the Group's projects under construction are as follows:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
CP Pu'an Power Plant	Coal-fired power	1,320	100	1,320
Jiesigou Power Plant	Hydropower	24	44.1	10.6
Luoshuidong Power Plant	Hydropower	35	63	22.1
Mawo Power Plant	Hydropower	32	63	20.2
Xinshao Longshan Power Plant	Wind power	50	63	31.5
Daqingshan Power Plant	Wind power	50	63	31.5
Xinping Power Plant	Wind power	49.5	32.1	15.9
Lianyuan Longshan Power Plant	Wind power	49.9	44.1	22
Jingzhushan Power Plant	Wind power	50	63	31.5
Weishan Power Plant	Wind power	70	63	44.1
Songmutang Power Plant	Wind power	50	63	31.5
Taihexian Power Plant	Wind power	50.5	63	31.8
Ziyunshan Power Plant	Wind power	50	44.1	22.1
Shangjiangxu Power Plant	Wind power	70	44.1	30.9
New Barag Left Banner Power Station	Photovoltaic power	10	63	6.3
Yiyang Power Station	Photovoltaic power	20	44.1	8.8
Total		**1,980.9**		**1,680.8**

NEW DEVELOPMENT PROJECTS

As at the date of this annual report, the total installed capacity of new projects in a preliminary development stage (including projects which the approvals from government of the PRC have been applied for) is approximately 8,000MW. The categories are distributed as follows:

Type of Power Plant	Installed Capacity (MW)
Renewable energy (hydropower, wind power and photovoltaic power)	2,900
Natural gas power	1,100
Coal-fired power/Heat and power	4,000
Total, approximately	**8,000**

The Group will accelerate the development of renewable energy projects in the coming future. The renewable energy projects currently at a preliminary development stage are mainly located in Hunan, Shanxi and Xinjiang, the regions where the Group has competitive advantages. In response to the national clean energy development strategy, the Group will appropriately adjust the development and construction of coal-fired power projects. The project of Pingwei Power Plant IV and expansion project of Yaomeng, which are previously expected to be developed during the national economic "13th Five-year Plan", have been postponed.

ULTIMATE CONTROLLING COMPANY — SPIC

The Company is ultimately owned by SPIC, a wholly state-owned enterprise formerly known as CPI Group, which was approved by the State Council of the PRC for consolidating and reorganizing with the State Nuclear Power in 2015. The business of SPIC includes power, coal, aluminum, logistics, finance, environmental protection and high-tech industries, etc. with a total installed capacity of approximately 117GW.

Major Events in 2016

REVIEW OF MAJOR CORPORATE EVENTS IN THE FIRST HALF OF THE YEAR

January

China Power entered into the letter of intent with SPIC, whereby the Company proposed to acquire and SPIC proposed to sell 100% of the equity interest in Henan Electric Power.

China Power announced its gross power generation for the year in 2015 was 63,531,141MWh, representing an increase of 2.98% over 2014.

March

Wu Ling Power announced the completion of the issuance of the 2016-first-tranche short-term debentures for the amount of RMB300 million with a maturity of 365 days and the interest rate at 2.86% per annum.

China Power announced the establishment of the Risk Management Committee, which shall be accountable to the Board and shall assist the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Company and its subsidiaries.

China Power announced its annual results for 2015, the profit attributable to owners of the Company was RMB4,149,018,000, representing an increase of 50.01% over 2014.

April

Wu Ling Power announced the completion of the issuance of the 2016-second-tranche short-term debentures for the amount of RMB200 million with a maturity of 365 days and the interest rate at 3.10% per annum.

China Power announced its gross power generation for the first quarter in 2016 was 15,912,496MWh, representing an increase of 16.13% over the same period in 2015.

China Power entered into the financial services framework agreement with CPI Financial.

June

China Power held its annual general meeting and extraordinary general meeting in Hong Kong. The ordinary resolution to approve and confirm the financial services framework agreement dated 27 April 2016 entered into between the Company and CPI Financial was passed in the extraordinary general meeting.

Each of Shanxi Shentou Power Plant II, CP Pu'an Power Plant, Dabieshan Power Plant and Shangqiu Power Plant, subsidiaries of China Power, individually entered into the construction project management agreement with CPI Power Engineering; while each of Dabieshan Power Plant and Shangqiu Power Plant individually entered into the construction supervision agreement with Shanghai SNERDI Engineering.

The photovoltaic power station of total installed capacity of 100MW of Datong Power station (the first "Top Runner" photovoltaic power project in operation under the "13th Five-year Plan" of China), a wholly-owned subsidiary of China Power, commenced commercial operation.

REVIEW OF MAJOR CORPORATE EVENTS IN THE SECOND HALF OF THE YEAR

July

China Power announced its gross power generation for the first half of 2016 was 33,823,021MWh, representing an increase of 14.97% over the same period in 2015.

August

CP Guorui, a wholly-owned subsidiary of China Power, entered into the aluminum frames purchase framework agreement with Ningxia Aluminum.

China Power announced its interim results for 2016, the profit attributable to owners of the Company was RMB1,926,078,000, representing an increase of 1.32% (excluding the one-off after tax gain on disposal of partial interest in Shanghai Power in the first half of 2015) over the same period in 2015.

In order to clearly distinguish the responsibilities between the Audit Committee and Risk Management Committee, China Power announced the revised terms of reference of the Audit Committee to take away those terms regarding risk management.

The thirty-three wind power generating units of a total 49.5MW of Shanshan Power Plant, a wholly-owned subsidiary of Wu Ling Power, commenced commercial operation.

September

China Power completed the acquisition of 12.17% interest in Sichuan Energy Investment, which is mainly engaged in development, construction, operation and management of power grid and power source, and production and sales of power products business, at a consideration of RMB198,385,000.

October

China Power announced the completion of the issuance of the first tranche short-term commercial paper for the amount of RMB2 billion with a maturity of 365 days and the interest rate at 2.80% per annum.

China Power announced its gross power generation for the first three quarters in 2016 was 50,770,289MWh, representing an increase of 7.40% over the same period in 2015.

China Power entered into the environmental improvement contracting framework agreement with SPIC.

The fifty wind power generating units of a total 100MW of Gulang Power Plant, a non-wholly owned subsidiary of Wu Ling Power, commenced commercial operation.

December

China Power announced the changes in Directors that Mr. TSUI Yiu Wa, Alec resigned as an independent non-executive Director; Mr. YAU Ka Chi was appointed as an independent non-executive Director; Mr. TSUI ceased to be and Mr. YAU appointed as a member of the Audit Committee, the Remuneration and Nomination Committee and the Risk Management Committee.

China Power entered into two coal supply framework agreements with Huainan Mining and Pingmei Shenma respectively.

Letter to Shareholders

Create value for our shareholders and fulfill social responsibilities.

DEAR SHAREHOLDERS

Year 2016 has marked the beginning of the national economic "13th Five-year Plan" of China as various national reform measures moved forward. With a growth pick up for electricity demands, amidst challenges arising in industrial policies and the prevailing market conditions, the power industry has been under both a favorable and demanding situation. During the year, with the implementation of the strategy in "restructuring and development", the Group achieved set targets while facing challenges proactively, actively fulfilling the commitment to the value of shareholders and the social responsibility.

BUSINESS REVIEW OF 2016

During 2016, the Group delivered the following major performance:

Production and operating segments fared well amidst challenges — During the year under review, the Group recorded a net profit attributable to shareholders of approximately RMB2.366 billion with a stable gross power generation for the year in 2016, after putting great efforts in dealing with challenges. The Group has recorded a steady profit of the hydropower segment whereas the new operating solar power plants made outstanding results. 1 million kilowatts coal-fired power generating units achieved better earnings, which primarily support results of the coal-fired power.

More clean energy business covered in power structure portfolio — In 2016, the clean energy proportion in the Group has been one of the highest among traditional power generation enterprises as the attributable installed capacity of clean energy accounted for 22.01% of the total attributable installed capacity, representing an increase of 2.27 percent points as compared with that at the end of 2015. The Group actively promoted the ultra-low emission improvement of coal-fired power, with a significant decline in emission of pollutants per kilowatt hour as compared with the previous year. The Group continues to promote energy saving and emission reduction as net coal consumption rate reduced approximately 2.15g/KWh as compared with the previous year.

Remarkable results achieved in electricity sales and distribution and the integrated energy development — The Group has actively taken part in the field of electricity sales and distribution with the formation of seven electricity sales and distribution companies or integrated energy companies. During the year, the Group entered the local independent electricity sales and distribution business through investment in Gui'an New District (貴安新區), principally engaged in investment, planning, construction, operation and management of Guian New District direct power grid and the related electricity sales and distribution business, and acquisition of 12.17% interest in Sichuan Energy Investment (四川能投), principally engaged in development, construction and management of power grid and source of power, and production and sales of power products. The Group proactively developed the integrated energy services business in regions including Guangdong, Guangxi, Sichuan and Anhui, and other regions to develop multiple energy supply and multiple energy complementary of simultaneously providing generation of electricity, heat, cooling effect and industrial water supply for users in the integrated energy projects, among which the project to demonstrate complementary energy mix in Hefei Airport Economic Demonstration Zone* (合肥空港經濟示範區), which is one of the National Demonstration Projects in China.

Efficiency improved on fund management — The Group strives to strengthen fund management, diversify financing channels and optimize debt structure, mitigating risks borne in the future. Last year, the Company and CPI Financial entered into the financing service framework agreement, pursuant to which favorable terms in deposit, loans and settlement services were secured and credit facility was increased, thereby improved the fund management efficiency.

Technological innovation continues to progress — The Group understands that technological innovation is a vital driving force for future development. Therefore, we continue to strengthen scientific and technological innovation, carry out in-depth cooperation with relevant scientific research institutions, actively promote the development of integrated energy intelligence, and set up research centers to engage in the original research and development of the energy internet core technology.

In 2016, with the continuous support of all shareholders, the Group achieved respective development targets. On behalf of the Board of China Power and the employees of the Group, I express my most sincere gratitude for all shareholders.

OUTLOOK FOR 2017

Year 2017 is a critical year in the implementation of "13th Five-year Plan" for China, as well as a year for the supply-side reform to move forward. The goal to ease overcapacity and adjust energy structure has been a priority for us. In view of power industry, competition among market players has become moderate as reforms in the industry deepen. The domestic coal-fired power sector may be in a predicament in the wake of persistently low utilization hours and high coal price. Against this backdrop, the Group is fully aware of the challenges facing in the power industry and will respond positively.

In 2017, the Group will strive to achieve steady results, accelerate the restructuring development and capture opportunities brought by the reforms, with an aim to become an integrated energy services enterprise while improving its competitive edges and development competencies. The Group will focus on the following major areas:

Achieving steady operating results — The Group will broaden the revenue source as well as tighten control on costs, intensify sales marketing of electricity, explore market of heat supply business, seek for the most favorable tariff, control the overall fuel costs, and secure profits in coal-fired power and the available cash flow. In addition, the Group continues to optimize power structure of wind and photovoltaic power, and strengthens the efforts at recovering in renewable energy subsidies so as to maximize profits from the clean energy business.

Expediting restructuring development — The Group aims to transit to the low carbon enterprise by pushing ahead development of clean energy and regulating coal-fired power business, to practically address global warming issues. Further, the Group will press ahead the integrated energy business for the transformation to the integrated energy service provider whereas expedite the development of smart energy sector to become a digitalized enterprise. In addition, the Group will further enhance its global presence in the hope of becoming a multinational corporation.

Optimizing and upgrading asset structure — With sustained and solid support from SPIC, our parent company, the Group strives to secure more quality assets injection and achieve the optimization and upgrade of asset structure.

At present, the Group is in a critical stage of restructuring. With care and support from all shareholders, as well as the unremitting efforts of the Board and all staff members, the Group will react to the changing landscapes for external circumstances prudently, overcome current predicament and challenge and expedite restructuring development, thereby continuing to create value and benefit our shareholders with outstanding returns.

WANG Binghua
Chairman of the Board

23 March 2017

Directors and Senior Management Profiles

CHAIRMAN OF THE BOARD

WANG Binghua, born in 1954, is the Chairman of the Board and a non-executive Director. Mr. WANG is a senior engineer at professor level and has a master of engineering degree in power system and automation from Wuhan University of Water and Power Resources. Mr. WANG is currently the chairman of SPIC, chairman of State Nuclear Power, chairman of CPI Holding, the chairman of the board and a non-executive director of China Power New Energy Development Company Limited. He is also a member of the National Committee (Science and Technology) of the Twelfth Chinese People's Political Consultative Conference. Mr. WANG was the Chairman of the Board and a non-executive Director during March 2004 to December 2007. He previously served as the general manager of CPI Group and the deputy general manager of China National Nuclear Corporation and the head of the operation of Power Generation and Transmission Department of the State Power Corporation of China (國家電力公司).

EXECUTIVE DIRECTORS

YU Bing, born in 1967, is an executive Director, the President of the Company, the chairman of the Executive Committee and the Risk Management Committee. Mr. YU is a senior engineer and has a bachelor degree in thermal power engineering from Xi'an Jiaotong University and an executive master of business administration degree from Tsinghua University. Mr. YU is currently a director and general manager of CPI Holding. He previously served as the general manager of Yaomeng Power Plant, the general manager of CP Maintenance Engineering, the deputy general manager of CPI Northeast China Power Company Limited and the deputy general manager of Shandong Nuclear Power Company Limited.

WANG Zichao, born in 1970, is an executive Director. Mr. WANG is a senior engineer and has a master of engineering degree in power system and automation from North China Electric Power University and a master degree in business administration from China Europe International Business School. Mr. WANG is currently the head of the General Office of SPIC. Mr. WANG was a non-executive Director during June 2012 to July 2015. He previously served as the vice president of the Company, the chairman of Wu Ling Power, the general manager of the branch company of SPIC in Hunan, the deputy general manager of CPI Holding and also the general manager of various departments of the Company.

NON-EXECUTIVE DIRECTOR

GUAN Qihong, born in 1962, is a non-executive Director. Mr. GUAN is a senior economist and a senior auditor and has a bachelor of engineering degree from Huazhong Institute of Technology, a master degree in economics from Zhongnan University of Economics and a doctoral degree in economics from Xiamen University. Mr. GUAN is currently the chief capital market officer of the Strategic Planning Department of SPIC, a director of the CPI Financial and a director of the CPI Holding. He previously served as the commissioner of Asset Assessment Centre of National Asset Management Bureau, the deputy secretary-general of China Appraisal Society, the assistant to the head of Finance and Property Ownership Management Department of the State Power Corporation of China, the chief economist of State Grid Shenzhen Energy Development Group Co., Ltd and the supervisor of the Capital Market and Equity Department of the CPI Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

KWONG Che Keung, Gordon, born in 1949, is an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration and Nomination Committee and the Risk Management Committee. Mr. KWONG is currently an independent non-executive director of a number of companies listed on the Hong Kong Stock Exchange, including China COSCO Holdings Company Limited, NWS Holdings Limited, OP Financial Investments Limited, Global Digital Creations Holdings Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited, CITIC Telecom International Holdings Limited, Chow Tai Fook Jewellery Group Limited and FSE Engineering Holdings Limited. Mr. KWONG was a partner of Pricewaterhouse from 1984 to 1998 and was a council member of the Hong Kong Stock Exchange from 1992 to 1997. Mr. KWONG has a bachelor of social science degree from The University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of Hong Kong Institute of Certified Public Accountants.

LI Fang, born in 1962, is an independent non-executive Director, the chairman of the Remuneration and Nomination Committee, a member of the Audit Committee and the Risk Management Committee. Mr. LI has a bachelor of mechanical engineering degree from Beijing University of Science and Technology and a juris doctoral degree from the College of Law of Arizona State University in the United States in 1995. Mr. LI is currently an independent non-executive director of China Power New Energy Development Company Limited and a director of Guangdong Guanhao High-Tech Co., Ltd. Mr. LI has extensive experience in business management and corporate finance. He previously served as an executive director of Goldman Sachs (Asia) L.L.C. and a lawyer with Davis Polk and Wardwell LLP in the United States.

YAU Ka Chi, born in 1958, is an independent non-executive Director, a member of the Remuneration and Nomination Committee, the Audit Committee and the Risk Management Committee. Mr. YAU has over 30 years of professional accounting experience including 20 years in serving China enterprises. He had worked for Ernst & Young for over 20 years in its Hong Kong, Toronto and Beijing offices with primary focus in providing professional services in accounting and audit, initial public offering, and corporate restructuring before retiring in September 2015. During his professional career with Ernst & Young, Mr. YAU had been appointed as the professional practice director of Greater China, the assurance leader for China North Region, the oil & gas industry leader of Greater China and the assurance leader of the Energy & Resources Markets Segment of Greater China. Mr. YAU is currently an independent non-executive director of Yihai International Holding Ltd. and China Mengniu Dairy Company Limited, both companies are listed on the Main Board of the Hong Kong Stock Exchange.

Mr. YAU holds a professional diploma in company secretaryship and administration from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and is a member of the American Institute of Certified Public Accountants, the Illinois Certified Public Accountants Society and the Hong Kong Institute of Certified Public Accountants. Mr. YAU is also holds a certified public accountant license issued by the Illinois Department of Financial and Professional Regulation, the United States.

SENIOR MANAGEMENT

ZHAO Yazhou, born in 1959, is a vice president of the Company. Mr. ZHAO is a senior accountant. He studied technological economics at postgraduate level at the Harbin Institute of Technology and completed training courses for the chief accountants of major enterprises of the State Power Company at the National Accounting Institute. Mr. ZHAO also acts as vice general manager of CPI Holding. He was involved in the financial affairs of the Group prior to the Company's listing in 2004. He previously served in various positions, including the general manager of finance department, the deputy chief accountant and the chief financial controller of CPI Holding and the head of finance department of Heilongjiang Provincial Power Bureau.

XU Lihong, born in 1966, is a vice president and the financial controller of the Company. Ms. XU is a senior accountant. She graduated from the Faculty of Finance, Changsha University of Electric Power and obtained a master degree in business administration from Northeast China University. Ms. XU also acts as a director, the vice general manager and the financial controller of CPI Holding, and a director of Shanghai Power. She was involved in the financial affairs of the Group prior to the Company's listing in 2004. She previously served as the deputy chief accountant of CPI Holding, the general manager of various departments of the Company, the deputy commissioner of the Economic and Operation Division of Power Department under the State Economic and Trade Commission, and a principal staff member of finance department of State Power Corporation of China and Huazhong Electric Industry Management Bureau (華中電業管理局).

HUANG Yuntao, born in 1965, is a vice president of the Company. Mr. HUANG is a senior engineer. He graduated from HeFei University of Technology with a bachelor degree in power system and automation. Mr. HUANG also acts as the vice general manager of CPI Holding. He was involved in the works of the Group's power plants prior to the Company's listing in 2004. He previously served as the chief human resource officer of the Company, the chief human resource office of CPI Holding, the general manager of Wuhu Power Plant and the general manager of the information technology department of CPI Holding.

SUN Guigen, born in 1966, is the chief engineer of the Company. Mr. SUN is a senior engineer. He graduated from Shanghai University of Finance and Economics with an executive master of business administration degree. Mr. SUN also acts as the chief engineer of CPI Holding. He was involved in the works of the Group's power plants prior to the Company's listing in 2004. He previously served as the deputy chief engineer of the Company, the deputy chairman of Changshu Power Plant, the chairman of Fuxi Power Plant, the general manager of Dabieshan Power Plant, the vice general manager of CP Maintenance Engineering and the vice general manager of Pingwei Power Plant.

ZENG Xuefeng, born in 1976, is a vice president of the Company. Mr. ZENG is a senior engineer. He graduated from Shanghai Jiao Tong University with a bachelor degree in thermal power engineering and a master degree in power engineering. Mr. ZENG also acts as the head of disciplinary commission and the acting chairman of labour committee of CPI Holding. He joined the Group in 2016. He previously served as the secretary of the disciplinary commission of SPIC, the general manager of Shanghai-Electric-Power Caojing Power (Shanghai) Co., Ltd., the head of the General Office of Shanghai Power, the deputy general manager of Huaihu Coal Power Co., Ltd. and the factory director of Tianji Power Plant.

XU Wei, born in 1973, is a vice president and the chief legal advisor of the Company. Ms. XU holds a bachelor degree in law from China University of Political Science and Law, an LLM from Peking University and a lawyer qualification in China. Ms. XU also acts as the deputy general manager and chief legal advisor of CPI Holding. She joined the Group in 2004. She previously served as the head of the General Office of the Board of Directors and the general manager of the Legal Affairs Department of the Company and CPI Holding.

SHOU Rufeng, born in 1974, is a vice president of the Company. Mr. SHOU is a certified public accountant. He graduated from Renmin University of China with a bachelor degree in economics and Cranfield University with a master degree in business administration. Mr. SHOU also acts as the deputy general manager of CPI Holding. He was involved in the capital planning of the Group prior to the Company's listing in 2004. He previously served as the senior manager of the Capital Markets & Investor Relations Department of CPI Holding, the capital operations director and the general manager of the Capital Markets & Investor Relations Department of the Company and CPI Holding.

COMPANY SECRETARY

CHEUNG Siu Lan is the Company Secretary of the Company. Ms. CHEUNG is a fellow member of The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators in the United Kingdom, Hong Kong Institute of Certified Public Accountants and CPA Australia. She has a bachelor degree in commerce from The University of Queensland, Australia and obtained a master degree in professional accounting and a postgraduate diploma in corporate administration from The Hong Kong Polytechnic University. Ms. CHEUNG previously served as the company secretary and the group financial controller of a listed group in Hong Kong. She has extensive experience in the fields of corporate governance, corporate finance and mergers and acquisitions.

Management's Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

During the year under review, the power industry in the PRC experienced a complicated and changing market environment. In 2016, the national total electricity consumption rose by 5.0% as compared with the previous year. Although the growth rate increased significantly as compared with 2015, the national power generation installed capacity at the end of 2016 recorded a year-on-year increase of 8.2%, which was even higher than the growth rate of national total electricity consumption, indicating an oversupply of national power supply.

With the reform of China's power market, the PRC government has gradually introduced changes to the structure of the power supply market. Previously, electricity was only supplied by power generators through power grid operators to end-users, subject to the qualification application and approval by the relevant authorities, large-volume electricity end-users are now allowed to trade directly with power generation companies ("direct power supply") with a view to eventually opening up a direct power supply market. As the size of direct power supply transactions continued to expand, the competition in the power generation industry is further intensified.

In 2016, China announced the national "13th Five-year" plans for energy and power, and it successively rolled out a number of energy policies, offering significant guidance for the development of power industry. On the whole, Chinese government values environmental protection and proactively makes efforts to cope with global climate change, further strictly restricts the consumption of fossil energy, and enhances the guarantee of clean energy. In the meantime, with the deepening of market-oriented reform on the power system, the markets of electricity sales and distribution and integrated energy services will be further opened in an orderly manner.

The main achievements made by the Group in 2016 are as follows:

- Achieved effective operation. Taking full advantage of cascade watershed adjustment optimized hydropower production efficiency in maintaining profits. New operating wind and photovoltaic power stations continued to increase revenue and profit. Through technical upgrade for the existing coal-fired power generating units, the Group has expanded the heat supply capacity, secured ultra-low emission tariffs and obtained various fiscal subsidies. By actively broadening different financing channels, enhanced the debt structure and reduced the financing costs.

- Attained significant results from strategical transformation and development. The Group put into operation a number of wind power and photovoltaic power stations during the year under review, including Datong Power Station which is the first "Top Runner" photovoltaic power project in operation under the "13th Five-year Plan" of China. During the year, the Group participated in the investment in Gui'an New District (貴安新區), one of the national comprehensive power reform pilots (國家綜合電改試點) in Guizhou Province, and entered into the domain of local electricity sales and distribution by acquiring 12.17% of equity interest in Sichuan Energy Investment (四川能投), and actively developed integrated energy services in Guangxi, Guangdong, Sichuan, Anhui and other places.

- Fulfilled its environmental and social responsibilities earnestly. The Group has actively coped with global climate change and increased the proportion of clean energy by developing renewable energy. We also promoted the ultra-low-emission improvement plans for the coal-fired power generating units. This significantly reduced the emission of major pollutants and cut net coal consumption rate for power supply and greenhouse gas emission.

In 2016, the Group overcame various difficulties and maintained stable operating results. In 2016, total electricity sold amounted to 60,760,318 MWh, representing a decrease of 0.18% over the last year, and profit attributable to owners of the Company was RMB2,365,868,000, representing a decrease of 28.78% over the last year, after deducting the one-off after tax gain on disposal of part of equity interests in Shanghai Power in 2015, mainly due to the reduction of on-grid tariffs of coal-fired power and the impact of rising coal prices. Basic earnings per share was approximately RMB0.32. Net assets per share, excluding non-controlling interests, was approximately RMB3.71, on par with that as at 31 December 2015.

Attributable Installed Capacity

As a result of new generating units commenced operation during the year, the attributable installed capacity of the Group's power plants reached 16,728.6MW as at 31 December 2016, representing an increase of 474.0MW as compared with the previous year. Among which, the attributable installed capacity of renewable energy including hydropower, wind power and photovoltaic power was 3,682.5MW, accounting for approximately 22.01% of the total attributable installed capacity, representing an increase of approximately 2.27 percentage points as compared with the previous year.

In 2016, the Group efficiently boosted the construction of renewable energy plants. Among which, Datong Power Station with 100MW of photovoltaic power is the feature of "Top Runner" projects. The Group will continue to vigorously promote the development of renewable energy and actively participate in the "Top Runner" photovoltaic programs supported by the government, in order to increase the proportion of renewable energy.

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

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Timeline for Commercial Operation
Shanshan Power Plant	Wind power	49.5	63	31.2	August 2016
Gulang Power Plant	Wind power	100	44.1	44.1	October 2016
Jiaoganghu Power Station	Photovoltaic power	40	100	40	January to August 2016
Luoyang Yituo Power Station	Photovoltaic power	6	100	6	March 2016
Shuocheng District Power Station	Photovoltaic power	50	100	50	May 2016
Datong Power Station	Photovoltaic power	100	100	100	June 2016
Tieling Power Station	Photovoltaic power	25	100	25	July 2016
Tiemengang Power Station	Photovoltaic power	50	100	50	August 2016
CP Jiangmen#	Photovoltaic power	14	100	14	August 2016
Qinggil Power Station	Photovoltaic power	20	63	12.6	August 2016
New Barag Left Banner Power Station	Photovoltaic power	10	63	6.3	August 2016
Huangnitan Power Station	Photovoltaic power	20	100	20	October 2016
Total		**484.5**		**399.2**	

CP Jiangmen included two photovoltaic power projects.

Note: Apart from the above additional power generating units, as compared with the previous year, the Group recorded a net increase in attributable installed capacity of 474.0MW when accounted for commercial operation of a photovoltaic power station of an associate, Changshu Power Plant and the changes in the installed capacity of Shanghai Power.

Power Generation, Electricity Sold and Utilization Hours

In 2016, the details of power generation and electricity sold of the Group are set out as follows:

	2016 MWh	2015 MWh	Changes %
Total power generation	**63,403,445**	63,531,141	–0.20
— Coal-fired power	**44,604,876**	44,645,118	–0.09
— Hydropower	**18,075,229**	18,570,520	–2.67
— Wind power	**465,293**	315,503	47.48
— Photovoltaic power	**258,047**	N/A	N/A
Total electricity sold	**60,760,318**	60,868,493	–0.18
— Coal-fired power	**42,244,478**	42,252,014	–0.02
— Hydropower	**17,819,196**	18,313,257	–2.70
— Wind power	**441,614**	303,222	45.64
— Photovoltaic power	**255,030**	N/A	N/A

In 2016, the details of electricity sold of the Group's main associates and joint ventures are set out as follows:

	2016 MWh	2015 MWh	Changes %
Total electricity sold	**20,498,973**	18,887,820	8.53
Changshu Power Plant			
— Coal-fired power	**16,988,901**	15,842,150	7.24
— Photovoltaic power	**14,693**	N/A	N/A
Xintang Power Plant			
— Coal-fired power	**3,495,379**	3,045,670	14.77

In 2016, the average utilization hours of coal-fired power generating units of the Group was 3,714 hours, representing a decrease of 385 hours as compared with the previous year, mainly affected by the national electricity supply growth exceeds the demand growth and the surge in hydropower generation that squeezed the space for coal-fired power generation in certain regions where the Group's coal-fired power plants are located. The average utilization hours of hydropower generating units was 3,780 hours, representing a decrease of 113 hours as compared with the previous year. The average utilization hours of wind power generating units was 1,581 hours, representing a slight decrease of 49 hours as compared with the previous year.

The Group will continue to strengthen the analysis on policies and trend of the electricity market, to adjust the distribution and arrangement of power plants and power supply and to set effective sales strategy in order to cope with the national power system reform and the emphasis on environmental protection. To align with electricity market change, we strive to promote the sales of direct power supply, speed up the transformation to energy integration and clean energy, to maintain and enlarge market share and lift the utilization hours of generating units.

On-Grid Tariff

In 2016, the Group's average on-grid tariffs compared to the previous year:

- coal-fired power was approximately RMB309.08/MWh, representing a decrease of approximately RMB34.25/MWh;
- hydropower was approximately RMB302.76/MWh, representing an increase of approximately RMB0.39/MWh;
- wind power was approximately RMB475.03/MWh, representing a decrease of approximately RMB28.76/MWh; and
- photovoltaic power was approximately RMB801.32/MWh.

The decrease in the average on-grid tariff of coal-fired power was mainly due to the downward adjustments of on-grid tariffs for coal-fired power generating companies announced by the National Development and Reform Commission with effect from April 2015 and January 2016 respectively. The adverse effect of such decrease in on-grid tariff was partly offset by the green electricity subsidy tariffs approved by the local governments to some of our coal-fired power plants during the year. The Group will continue to closely monitor the development of the environmental protection policies from the PRC government and strengthen the research on the green energy tariff policies in order to actively seeking for more green electricity subsidies.

Unit Fuel Cost

In 2016, the average unit fuel cost of the Group's coal-fired power business was approximately RMB154.41/MWh, representing an increase of approximately 6.23% from that of approximately RMB145.36/MWh of the previous year. During the year under review, the Group committed efforts on strengthening the coal-price management, optimizing the coal inventory in response to the market changes in a timely manner, seeking new coal supply channels to raise bargaining power for reducing procurement costs. On the other hand, the energy-saving advantages of large capacity power generating units also helped driving down the coal consumption. This resulted in the increase in unit fuel cost lower than that of Bohai-Rim Steam-Coal Price Index.

Coal Consumption

In 2016, the average net coal consumption rate of the Group was approximately 304.93g/KWh, representing a decrease of approximately 2.15g/KWh as compared with the previous year, equivalent to a saving of approximately 90,000 tons of standard coal. Apart from the decrease in pollutant emission, the impact on profit from the declining net coal consumption rate becomes even more significant amid the rising coal prices.

Recently, the Group's environmental friendly power generating units with large capacity and high parameter have been commencing operation successively and the energy-saving advantages have further driven down the net coal consumption rate significantly.

Heat Sold

In 2016, total heat sold by the Group (including associates and joint ventures) was 14,047,494 GJ, representing an increase of 4,136,256 GJ.

In recent years, the Group started to develop the heat supply projects and renovate with heat supply functions on suitable power generating units by making use of residual heat as a new source to secure profit growth and thus enhancing the utilization of energy integration as well as aligning with the direction of government emphasis on environmental protection and achieving the goal on energy saving and consumption reduction. As at 31 December 2016, nine power generating units of the Group (including an associate) have completed the heat supply renovation and three power generating units are expected to complete the heat supply renovation projects during 2017.

OPERATING RESULTS OF 2016

In 2016, the net profit of the Group amounted to RMB3,255,487,000, representing a decrease of RMB2,074,111,000 as compared with the previous year. Among which, save for the one-off after tax gain on disposal of partial interest in Shanghai Power of RMB827,207,000 in 2015, the net profit decreased by 27.69% as compared with the previous year. Contribution to net profit from renewable energy business was 60.24%, representing an increase of 16.72 percentage points year-on-year. Net profit contribution of renewable energy business increased gradually. In 2016, the net profits from the principal segment businesses and their respective ratio of contribution to the total net profit are as follows:

- coal-fired power was RMB1,294,237,000 (39.76%, 2015: 56.48%);
- hydropower was RMB1,890,131,000 (58.06%, 2015: 43.23%); and
- wind power and photovoltaic power was RMB71,119,000 (2.18%, 2015: 0.29%).

As compared with 2015, the decrease in net profit (save for the one-off after tax gain on disposal of partial interest in Shanghai Power) was mainly due to the following factors:

- the average on-grid tariff of coal-fired power declined as compared with the previous year, resulting in a decrease in revenue of coal-fired power segment by RMB1,449,529,000;
- the increase in unit fuel cost by approximately RMB9.05/MWh as a result of increase in coal price during the year, increasing the fuel costs by approximately RMB385,099,000;
- the business expansion and the increase in the number of new power generating units led to the increase in depreciation of property, plant and equipment of RMB248,730,000; and

- the decrease in the share of profits of associates by RMB200,198,000.

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

- the finance costs reduced by RMB170,330,000 as a result of lending interest-rate cut;
- The provision for impairment of property, plant and equipment, and interests in a joint venture totaling of RMB480,647,000 in 2015. There is no such provision for impairment in this year; and
- the decrease in the income tax expense by RMB204,821,000 (after deducting the relevant income tax expense of RMB279,964,000 resulting from the one-off gain on disposal of partial interest in Shanghai Power in 2015 for comparison).

Revenue

The revenue of the Group was mainly derived from the sales of electricity. In 2016, the Group recorded a revenue of RMB18,866,153,000, representing a decrease of 6.59% as compared with RMB20,196,670,000 of the previous year. The decrease in revenue was mainly due to the decrease in average on-grid tariff of coal-fired power by approximately 9.98% year-on-year as a result of lowered tariff, decreasing the revenue of coal-fired power by RMB1,449,529,000.

Segment Information

The reportable segments identified by the Group meeting the quantitative thresholds required by HKFRS 8 are now the "generation and sales of coal-fired electricity" and "generation and sales of hydropower electricity". Although the "generation and sales of wind and photovoltaic power electricity" does not meet such quantitative thresholds required for reportable segments, as it is closely monitored by the chief operating decision maker, who has been identified as executive Directors and certain senior management, as a potential growth business and is expected to gradually make a greater contribution to the Group's results in the future, it has been reported separately for the year under review.

Operating Costs

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

In 2016, the operating costs of the Group amounted to RMB14,432,405,000, representing an increase of 5.01% as compared with RMB13,743,347,000 of the previous year. The increase in operating costs was mainly due to the increase in fuel costs resulting from the rising coal prices as well as the increase in depreciation and repairs and maintenance resulting from the business expansion and the increasing number of new power generating units.

The supply-side structural reform in the coal industry continues to advance, with significant decrease in raw coal output in the PRC as compared with the previous year. The swift change of loose coal supply resulted in the sharp rise in coal price in the market since the beginning of the second half of 2016 and a significant increase in the operating costs of coal-fired power enterprises.

Operating Profit

In 2016, the Group's operating profit was RMB5,350,578,000, representing a decrease of 31.94% as compared with the operating profit of RMB7,861,789,000 of the previous year. Save for the one-off pre-tax gain on disposal of partial interest in Shanghai Power in the previous year, the Group's operating profit decreased by 20.79% as compared with the previous year. The decrease in operating profit was mainly due to the decrease in average on-grid tariff of coal-fired power and the increase in coal price.

Finance Costs

In 2016, the finance costs of the Group amounted to RMB2,067,966,000, representing a decrease of 7.61% as compared with RMB2,238,296,000 of the previous year. As bank lending interest rate cuts, the Group has taken advantage of the changes in market interest rates and made continuous efforts to replace high-interest rate loans to lower the average interest rate.

Share of Profits of Associates

In 2016, the share of profits of associates was RMB540,353,000, representing a decrease in profits of RMB200,198,000 or 27.03% as compared with the share of profits of RMB740,551,000 of the previous year. The decrease in profits was mainly because of the decreased profit contribution from an associate, Changshu Power Plant (principally engaged in coal-fired power generation).

Share of Profits of Joint Ventures

In 2016, the share of profits of joint ventures was RMB150,158,000, representing an increase in profits of RMB4,044,000 or 2.77% as compared with the share of profits of RMB146,114,000 of the previous year, which was mainly due to the Group ceased sharing the loss of a joint venture (principally engaged in coal mining) in 2016.

Income Tax Expense

In 2016, income tax expense of the Group was RMB738,641,000, representing a decrease of RMB484,785,000 as compared with RMB1,223,426,000 of the previous year. Such decrease was mainly caused by the disposal of 40,173,628 shares of Shanghai Power in the public market by the Group in the previous year, resulted in relevant income tax expense of RMB279,964,000. Taking out this effect, the income tax expense decreased by RMB204,821,000 as compared with the previous year. The decrease was mainly due to the decrease in operating profit.

For the year ended 31 December 2016, certain subsidiaries of the Group were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rates of 7.5%, 12.5% or 15% (2015: 12.5%).

As at 31 December 2016, two subsidiaries of the Group had investment tax credits ("Tax Credits") with an accumulated amount of RMB189,308,000 (31 December 2015: RMB189,308,000) of which RMB103,983,000 (31 December 2015: RMB102,573,000) were utilized against their income tax charges since the granting of such Tax Credits. The Tax Credits are calculated based on 10% of the purchase price of specific environmental friendly, water- and energy-saving, safety enhanced facilities used in the Group's coal-fired power business. The Tax Credits are recognized as a reduction of current income tax when they are realized. The portion of Tax Credits that has not been utilized can be carried forward over a period of no more than five years.

Earnings per Share and Final Dividend

In 2016, the basic and diluted earnings per share for profit attributable to owners of the Company were approximately RMB0.32 (2015: approximately RMB0.58) and approximately RMB0.32 (2015: approximately RMB0.56) respectively.

At the Board meeting held on 23 March 2017, the Board recommended the payment of a final dividend for the year ended 31 December 2016 of RMB0.160 (equivalent to HK$0.1805 at the exchange rate announced by the People's Bank of China on 23 March 2017) per ordinary share (2015: RMB0.232 (equivalent to HK$0.2770) per ordinary share), totaling RMB1,176,826,000 (equivalent to HK$1,327,607,000) (2015: RMB1,706,398,000 (equivalent to HK$2,037,381,000)), which is based on 7,355,164,741 shares (2015: 7,355,164,741 shares) in issue on 23 March 2017 (2015: 23 March 2016).

PROJECTS UNDER CONSTRUCTION

As at 31 December 2016, the Group's projects under construction cover a wide range of projects such as coal-fired power, hydropower, wind power and photovoltaic power, with 21.47% of the attributable installed capacity of renewable energy. The Group's projects under construction are as follows:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Expected Timeline for Commercial Operation
CP Pu'an Power Plant	Coal-fired power	1,320	100	1,320	2018
Jiesigou Power Plant	Hydropower	24	44.1	10.6	2017
Luoshuidong Power Plant	Hydropower	35	63	22.1	2018
Mawo Power Plant	Hydropower	32	63	20.2	2018
Xinshao Longshan Power Plant	Wind power	50	63	31.5	2017
Daqingshan Power Plant	Wind power	50	63	31.5	2017
Xinping Power Plant	Wind power	49.5	32.1	15.9	2017
Lianyuan Longshan Power Plant	Wind power	49.9	44.1	22	2017
Jingzhushan Power Plant	Wind power	50	63	31.5	2017
Weishan Power Plant	Wind power	70	63	44.1	2018
Songmutang Power Plant	Wind power	50	63	31.5	2018
Taihexian Power Plant	Wind power	50.5	63	31.8	2018
Ziyunshan Power Plant	Wind power	50	44.1	22.1	2018
Shangjiangxu Power Plant	Wind power	70	44.1	30.9	2018
New Barag Left Banner Power Station^	Photovoltaic power	10	63	6.3	2017
Yiyang Power Station	Photovoltaic power	20	44.1	8.8	2017
Total		**1,980.9**		**1,680.8**	

^ The total installed capacity of New Barag Left Banner Power Station is 20MW, of which 10MW commenced operation in 2016.

NEW DEVELOPMENT PROJECTS

The development of the renewable energy has become a major goal for the Group in response to the national clean energy development strategy to promote resources conservation and environmental protection. The Group will appropriately adjust the development and construction of coal-fired power projects, the project of Pingwei Power Plant IV and expansion project of Yaomeng which are previously expected to be developed during the national economic "13th Five-year Plan", have been postponed.

Currently, the total installed capacity of new projects at a preliminary development stage (including projects which the approvals from government of the PRC have been applied for) is approximately 8,000MW. In recent years, the Group has been actively seeking development opportunities in areas with rich resources, regional and market advantages, and devoting efforts to expedite development of the projects located in those areas. Currently, the total installed capacity of the renewable energy projects at a preliminary development stage is approximately 2,900MW which are mainly located in Hunan, Shanxi and Xinjiang, the regions where the Group has competitive advantages.

In addition, the installed capacity of natural gas power projects of the Group either have been granted approval or pending for approval is approximately 1,100MW.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group recognizes its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 31 December 2016, the Group had interest in 16.98% of the issued share capital of Shanghai Power, whose A-shares were listed on the Shanghai Stock Exchange.

As at 31 December 2016, the fair value of the shareholding held by the Group was RMB4,410,367,000, representing a decrease of 17.53% from that of RMB5,347,661,000 as at 31 December 2015.

MATERIAL ACQUISITIONS AND DISPOSALS

On 18 January 2016, the Company entered into a letter of intent with SPIC, its ultimate holding company, whereby the Company proposed to acquire and SPIC proposed to sell 100% of the equity interest in Henan Electric Power. Currently, the audit and valuation on the assets and liabilities of Henan Electric Power are progressing in an orderly manner.

The Company will carry out the relevant acquisition works depending on the market conditions and the wishes of the investors and will aim to promote the injection of high quality clean energy from the parent company.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, cash and cash equivalents of the Group were RMB1,809,415,000 (31 December 2015: RMB1,528,017,000). Current assets amounted to RMB6,843,420,000 (31 December 2015: RMB5,209,552,000), current liabilities amounted to RMB22,271,150,000 (31 December 2015: RMB16,638,653,000) and current ratio was 0.31 (31 December 2015: 0.31).

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

DEBTS

As at 31 December 2016, total debts of the Group amounted to RMB47,734,850,000 (31 December 2015: RMB42,687,785,000). All debts of the Group are denominated in Renminbi, Japanese Yen ("JPY") and United States Dollars ("USD"). With the highest amount among the foreign currency debts is the USD300,000,000 commercial notes (equivalent to approximately RMB2,081,100,000 (31 December 2015: approximately RMB1,948,080,000)), its exchange rate was locked with the use of options in order to prevent exchange rate risks.

The Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), as at 31 December 2016 was approximately 57% (31 December 2015: approximately 55%). The Group's gearing ratio remained stable.

Set out below are details of the debts of the Group as at 31 December 2016 and 2015:

	2016 **RMB'000**	2015 RMB'000
Bank borrowings, secured	**13,915,815**	15,411,773
Bank borrowings, unsecured	**19,594,595**	17,430,423
Borrowings from related parties	**5,463,511**	3,017,311
Corporate bonds and short-term commercial paper issued by the Company	**4,000,000**	2,000,000
Corporate bonds and short-term debentures issued by Wu Ling Power	**1,498,514**	1,497,530
Commercial notes	**2,081,100**	1,948,080
Obligations under finance leases	**1,181,315**	1,382,668
	47,734,850	42,687,785

The above debts were repayable as follows:

	2016 **RMB'000**	2015 RMB'000
Within one year	**16,318,561**	10,226,922
Between one and two years	**10,605,704**	6,755,101
Between two and five years	**9,579,743**	12,969,252
Over five years	**11,230,842**	12,736,510
	47,734,850	42,687,785

Included in the above debts, about approximately RMB18,301,175,000 (31 December 2015: approximately RMB13,853,545,000) are subject to fixed interest rates and the remaining debts denominated in RMB are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranging from 3.92% to 5.39% (2015: ranged from 3.92% to 6.40%) per annum.

SIGNIFICANT FINANCING ACTIVITIES

In October 2016, the Company obtained a "Notification on Acceptance of Registration" confirming acceptance of the application for issue of short-term commercial paper in the PRC in an aggregate amount of RMB5 billion with an effective registration period of 2 years and to be issued in tranches within the effective period of the registration. The Company completed the issuance of the first tranche of the short-term commercial paper on 17 October 2016, the principal amount is RMB2 billion which bears interest at 2.80% with one year maturity. The drawdown of RMB1.54 billion were used for the repayment of existing bank borrowings, and the remaining balance would also be used for the repayment of bank borrowings in 2017.

CAPITAL EXPENDITURE

In 2016, capital expenditure of the Group was RMB7,630,700,000 (2015: RMB5,480,471,000). Among which, the capital expenditure for clean energy sector (hydropower, wind power and photovoltaic power) was RMB3,963,454,000, which was mainly used for construction of new power plants and power stations; whereas the capital expenditure for coal-fired power sector was RMB3,613,547,000, which was mainly used for construction of new coal-fired power generating units and technical upgrade for the existing power generating units. Sources of funds were mainly from project financing, bonds and short-term debentures issue and funds generated from business operation.

PLEDGE OF ASSETS

As at 31 December 2016, the Group pledged certain property, plant and equipment with a net book value of RMB571,146,000 (31 December 2015: RMB510,203,000) to certain banks to secure bank borrowings in the amount of RMB286,820,000 (31 December 2015: RMB314,820,000). In addition, certain bank borrowings and borrowings from a related party were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 31 December 2016 amounted to RMB1,125,880,000 (31 December 2015: RMB1,769,988,000). As at 31 December 2016, bank deposits of a subsidiary of the Group amounting to RMB300,000,000 (31 December 2015: RMB300,000,000) were pledged as security for bank borrowings in the amount of RMB300,000,000 (31 December 2015: RMB300,000,000).

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no material contingent liabilities.

RISK MANAGEMENT

The Group has implemented all-rounded risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has an internal audit department in place for execution and implementation of risk management measures. The Company established the risk management committee under the Board on 23 March 2016 which is accountable and responsible to the Board and to assist the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Group, including risk policies, process and controls, in order to further enhance the Group's risk management and control capabilities effectively.

FOREIGN EXCHANGE RATE RISKS

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

In order to manage exchange rate risks, the Group entered into two option contracts to sell RMB for USD with Bank of America at a fixed exchange rate with an aggregate amount of USD296,778,000 in 2015, to hedge against the foreign exchange rate risks brought by the commercial notes of USD300,000,000 (the single most significant foreign currency debt of the Group). It is expected that there will be no material foreign exchange risk of RMB against USD upon settlement of the USD commercial notes.

As at 31 December 2016, the Group's borrowings denominated in foreign currencies amounted to approximately RMB2,520,170,000 (31 December 2015: RMB2,380,755,000).

ENERGY SAVING AND EMISSION REDUCTION

The Group has always been placing a great emphasis on environmental protection from the perspective of sustainable development, vigorously promoted energy conservation and emission reduction, conscientiously fulfilled social responsibility and actively responded to global climate change.

In positive response to the policy of "Action Plan of the Upgrade and Renovation for Coal-fired Units to Achieve Energy Saving and Emission Reduction (2014–2020) (煤電節能減排升級與改造行動計劃(2014–2020年))" issued by the PRC government, the Group continued to strengthen the environmental protection measures to its coal-fired power generating units. For the year ended 31 December 2016, the Group had thirteen coal-fired power generating units completed the ultra-low-emission improvement works. For the remaining coal-fired power generating units, we will also speed up the implementation of ultra-low-emission projects.

In 2016, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2015: 100%), and the efficiency ratio of desulphurization was 96.67% (2015: 96.23%); the operational ratio of denitration facilities reached 99.92% (2015: 99.70%) and the efficiency ratio of denitration reached 84.14% (2015: 80.10%).

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

- the emission rate of sulphur dioxide (SO_2) at 0.150g/KWh, representing a decrease of 0.048g/KWh compared with the previous year;
- the emission rate of nitrogen oxide (NO_x) at 0.185g/KWh, representing a decrease of 0.027g/KWh compared with the previous year; and
- the emission rate of dusts at 0.035g/KWh, representing a decrease of 0.015g/KWh compared with the previous year.

To prevent pollutants from exceeding the emission standards, the Group also incorporates concepts and requirements of social responsibility in the management of suppliers, clearly stipulates that the materials must meet the relevant national environmental protection laws while signing material purchase contracts.

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

OPERATIONAL SAFETY

The Group's employees are equipped with labour tools and labour protection gears that are compliant with safety standards, while a variety of emergency training and exercises have been arranged, as the Group continues to improve its conditions for operations in strict compliance with the Laws of The People's Republic of China on the Safety Production and the Laws of The People's Republic of China on and the Prevention of Occupational Diseases and other laws and regulations relating to safety and hygiene. In addition, the Group has clearly specified the requirements of the index when making contracts with the coal suppliers, ensuring the safety of transportation and storage.

In 2016, no material safety accident in the aspects of employees, facilities and environmental protection occurred in the Group.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group had a total of 9,723 (31 December 2015: 10,094) full-time employees.

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

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

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

OUTLOOK FOR 2017

The year of 2017 is a critical year for implementing the national "13th Five-Year Plan" of economy. With the roll-out of the national "13th Five-Year" plans for energy and power in succession, the reform of energy production, supply, consumption and system will be further advanced. At the same time, the supply-side structural reform, state-owned enterprise reform and power system reform will exert profound influence on the energy industry.

According to the forecast from China Electricity Council, it is expected that the national total power consumption will increase by about 3% year on year, with sufficient national power supply. It is expected that additional national power generation installed capacity will reach approximately 110 million kilowatt in 2017, of which the installed capacity of non-fossil energy power generation will be approximately 60 million kilowatt, the utilization hours of power generating units will still be under pressure. In general, the operation and development of power industry will face greater challenges.

In 2017, the Group will focus on:

- Striving to maintain good operating results. The Group will make efforts in electricity sales marketing and to acquire favorable electricity tariffs. To promote the development of electricity sales and distribution business and develop the heat supply market. To continue strengthen fuel costs control, reduce financing costs, maintain profitability and cash flow as well as ensure safe production practice.

- Continuing to accelerate enterprises transformation. The Group will speed up the development of clean energy while control the construction of coal-fired power plants. To vigorously promote energy saving and emission reduction in order to actively cope with global climate change. To rapidly promote electricity sales and distribution and develop integrated energy. To seize the opportunities in energy internet and intelligent integrated energy development as well as vigorously promote technological innovation.

- Drawing support from SPIC. The Group will seize the opportunities arising from the acceleration of asset securitization of the parent company, and to promote the injection of quality assets by leveraging the advantage of the parent company's high proportion of clean energy assets.

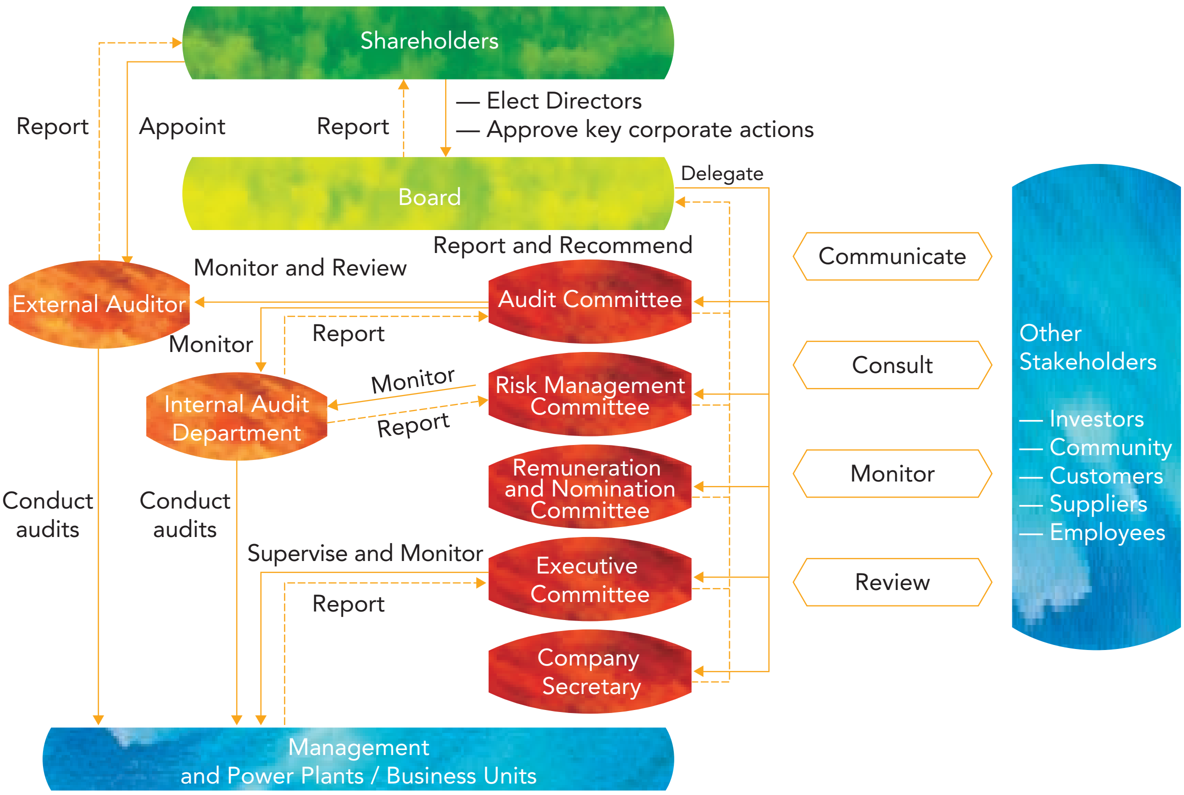
- Stressing talent development and incentives thereof, promoting business model innovation, comprehensively raising the management level and further improving the market-oriented system and mechanism of the Group.

CORPORATE GOVERNANCE PRACTICES

China Power is committed to high standard of corporate governance. The Board recognizes that good corporate governance is vital to the healthy and sustainable development of the Group. Through continuing exploration and practice, the Company has formed a standardized governance structure and established an effective risk management and internal control system. The Board and the management always follow good governance principles to manage the Group's business effectively, treat all shareholders fairly and strive for the long-term, stable and growing return for all shareholders.

During the year ended 31 December 2016, the Company has strictly complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in the Appendix 14 of the Listing Rules.

GOVERNANCE FRAMEWORK



THE BOARD

Board Composition

The Board comprises a total of seven directors, Chairman of the Board and non-executive Director, Mr. WANG Binghua, executive Director and the President of the Company, Mr. YU Bing, executive Director, Mr. WANG Zichao, non-executive Director, Mr. GUAN Qihong, and three independent non-executive Directors, namely Mr. KWONG Che Keung, Gordon, Mr. LI Fang and Mr. YAU Ka Chi. Profiles of the Directors are set out in the section headed "Directors and Senior Management Profiles" of this annual report.

Members of the Board possess various experience, capabilities, and expertise suitable for and relevant to the Company's businesses. The Board includes experts in electric power technology and management, professionals in finance and law. They are not only experienced, but also have progressive thinking.

More than one-third of our Board members are independent non-executive directors who can help the Board to make more effective independent judgement. The non-executive Directors (including the independent non-executive Directors) who form the majority of the Board possess diverse expertise. As such, they are able to make decisions in an objective and professional manner, to assist the management in formulating the Company's development strategies, and to ensure that the preparation of financial and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the shareholders and the Company.

The Board has received annual written confirmation of independence from each of the independent non-executive Directors and believed that, as at the date of this annual report, they were independent of the Company in accordance with the relevant requirements of the Listing Rules.

Chairman and Chief Executive

The Chairman, Mr. WANG Binghua, provides leadership for the Board. He is responsible for ensuring that all Directors receive adequate information, which must be complete and reliable, in a timely manner and that Directors are properly briefed on issues arising at the Board meetings. He also ensures that the Board works effectively and discharges its responsibilities; good corporate governance practices and procedures are established; and appropriate steps are taken to provide effective communication with shareholders and those views of shareholders are communicated to the Board as a whole.

The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. He encourages Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus. He promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.

The President of the Company, Mr. YU Bing is the chief executive of the Company. He takes charge of decision-making on matters concerning the Group's daily management and business, and oversees the execution of the Group's business strategies. He is also the chairman of both the Risk Management Committee and Executive Committee.

Appointment and Re-election of Directors

In accordance with the Company's articles of association, one-third of the Directors (including non-executive Directors with fixed term of three years) will retire from office by rotation for re-election by shareholders at the annual general meetings. In addition, any new appointment to the Board is subject to re-appointment by shareholders at the upcoming general meeting. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

If an independent non-executive Director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the Board believes he/she is still independent and should be re-elected.

Power of and Delegation by the Board

The Board is the highest decision-making and managing body of the Company. Having regard to the best interests of the Company and its shareholders, the Board provides leadership and guidance to the Group's activities. It reviews and approves major matters such as business strategies, policies, business plans, financial budgets, major investments as well as mergers and acquisitions. In addition, the Directors have acknowledged that the principal responsibilities of the Board also include corporate governance, supervising and administrating the operation and financial position of the Company, approving the result announcements and other disclosures as required in accordance with applicable laws and regulatory rules, optimizing corporate governance structure and promoting the communication with our shareholders.

Under the Board currently have four committees, namely Audit Committee, Risk Management Committee, Remuneration and Nomination Committee and Executive Committee to implement internal supervision and control on each relevant aspects of the Group.

The Board delegates certain management and operational functions to the Executive Committee and the management, and reviews such arrangements periodically to ensure that they remain appropriate to the Group's needs.

The management has overall responsibility for the Group's daily operations. The Board establishes clear responsibilities and authorities for management to ensure the daily operational efficiency. It acts within the authority approved by the Board to fulfill the day-to-day management responsibilities and makes timely decisions. With regard to matters beyond its authority, the management will report to the Board or the Executive Committee in a timely manner in accordance with the relevant working guidelines.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Audit Committee set out in its terms of reference, inter alia, include the following:

- To communicate with internal auditor and determine annual internal audit plans, discuss internal audit procedures with the internal auditor at least once every six months, review and monitor the internal control system, internal audit functions and effects of annual internal audit plans.

- To make proposals to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the independence, objectivity and audit effectiveness of the external auditor in accordance with the relevant standards issued by the Hong Kong Institute of Certified Public Accountants, formulate and implement the engagement policy on the provision of non-audit services by the external auditor.

- To review financial information of the Company.

- To supervise the financial reporting system and internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.

- To conduct any inspection authorized by the Board based on its terms of reference, in that case, the committee is entitled to solicit any necessary information from any employees while who have been instructed to assist the committee to satisfy any of its requirements.

The Audit Committee comprises of three members, namely Mr. KWONG Che Keung, Gordon, Mr. LI Fang and Mr. YAU Ka Chi, all of whom are independent non-executive Directors. The chairman and the secretary of the Audit Committee are served by Mr. KWONG Che Keung, Gordon and the Company Secretary of the Company respectively. For the purpose of reinforcing their independence, all members of the Audit Committee have appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

The details of the terms of reference of the Audit Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Audit Committee held two meetings during 2016 (average attendance was 100%). The committee's work performed during the year including:

- reviewed the annual financial statements and corporate governance reports for the year ended 31 December 2015 and the interim financial statements for the six months ended 30 June 2016, including the major accounting issues raised by the external auditors;

- reviewed the internal control reports prepared by the Company's Internal Audit Department relating to the Company's internal audit plan and internal control system;

- reviewed the continuing connected transactions of the Company;
- reviewed and approved the audit strategy submitted by the external auditor for the year ended 31 December 2016;
- considered and approved the terms of engagement and remuneration of external auditor for its provision of audit and permitted non-audit related services; and
- reviewed the internal and independent audit results and discussed matters relating to audit, internal control system and financial reporting, including the adequacy of resources, staff qualifications and experience of the Company's accounting, internal audit and financial reporting functions, together with the senior management, internal and independent auditors of the Company.

Risk Management Committee

The Company established the Risk Management Committee on 23 March 2016 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Risk Management Committee set out in its terms of reference, inter alia, include the following:

- To review and recommend for the Board's approval the Group's overall risk management strategies and risk appetite/tolerance which shall take into account of the strategic, financial, operational, compliance and all the relevant risks faced by the Group and the prevailing and prospective market and economic conditions at least annually.
- To review and recommend for the Board's approval the Group's risk management framework, risk management system and corporate governance framework including their appropriateness, effectiveness and independence of risk management functions at least annually.
- To review reports from the management and to make recommendations to the Board on the Group's risk management policies which governs the identification, assessment, monitoring and reporting of the major risks faced by the Group.
- To oversee the implementation of risk management policies and the compliance with the respective statutory rules and regulations.
- To report any significant risk management issues to the Board and suggest solutions.

The Risk Management Committee comprises of four members, namely the three independent non-executive Directors, Mr. KWONG Che Keung, Gordon, Mr. LI Fang and Mr. YAU Ka Chi, and the executive Director and the President of the Company, Mr. YU Bing. The chairman and the secretary of the Risk Management Committee are served by Mr. YU Bing and the Company Secretary of the Company respectively.

The details of the terms of reference of the Risk Management Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Risk Management Committee held two meetings during 2016 (average attendance was 100%). The committee's work performed during the year including:

- reviewed, discussed and approved the Financial Services Framework Agreement, and made recommendations to the Board;
- reviewed and approved the "Internal Working Guidelines for the Risk Management Committee"; and
- reviewed the risk management report for the year 2016 prepared by the Company's Internal Audit Department relating to the Group's risk management framework, effectiveness of the risk management system, risk management policies which governs the identification, assessment, monitoring and reporting of the major risks faced by the Group.

The management's annual confirmation on the effectiveness of the Group's risk management and internal control systems was reviewed/endorsed by the Risk Management Committee/Audit Committee and was reported to the Board.

Remuneration and Nomination Committee

The Company established the Remuneration and Nomination Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Remuneration and Nomination Committee set out in its terms of reference, inter alia, include the following:

Remuneration

- To make recommendations to the Board on the remuneration policy and structure for all Directors and senior management of the Company, and to make recommendations on the establishment of a formal and transparent procedure for developing remuneration policy.
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company with reference to their experience, performance, duties and market conditions. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- To make recommendations to the Board on the remuneration of non-executive Directors.

Nomination

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

- To identify individuals suitably qualified to become Board members based on a range of diverse perspectives and select or make recommendations to the Board on the selection of individuals nominated for directorships.

- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

- To assess the independence of independent non-executive Directors.

Board Diversity Policy

The policy is summarized as follows:

- for identifying suitably qualified candidates to become Board members, should be based on a number of diverse aspects, including Board members with different background, skills, regional and industry experience, gender and other qualities, that are in balanced and complementary with each other, creating synergy, and enabling the Board to function effectively as a whole.

- when reviewing and assessing the composition of the Board, it should be based on the Company's own business position and management needs from time to time, considering a number of factors including but not limited to the above mentioned background, skills, regional and industry experience, and other factors in order to achieve the Board with a reasonable structure that runs efficiently.

The Remuneration and Nomination Committee has three members, namely Mr. LI Fang, Mr. KWONG Che Keung, Gordon, and Mr. YAU Ka Chi, all of whom are independent non-executive Directors. The chairman and the secretary of the Remuneration and Nomination Committee are served by Mr. LI Fang and the Company Secretary of the Company respectively.

The details of the terms of reference of the Remuneration and Nomination Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Remuneration and Nomination Committee held one meeting during 2016 (average attendance was 100%). The committee's work performed during the year including:

- reviewed the Company's matters relating to remuneration in 2016, and considered and recommended the overall remuneration package of the Directors and senior management of the Company in 2016 with reference to the remuneration system of the parent companies; and

- considered and approved the changes of independent non-executive Director and composition of Board committees, and made recommendations to the Board in December 2016.

Pursuant to the CG Code provision B.1.5, the remuneration of the members of the senior management by remuneration band for the year ended 31 December 2016 is set out below:

Remuneration band (RMB)	**Number of individuals**
0 to 1,000,000	11

Executive Committee

The Company established the Executive Committee in 2008. As a committee under the Board, the Executive Committee conducts its work under the guidance of the Board and reports to the Board pursuant to the "Working Guidelines for the Executive Committee" approved by the Board. The chairman of the Executive Committee is served by Mr. YU Bing, the executive Director and the President of the Company. The members of the committee include the executive Directors and all the vice presidents of the Company. It has been delegated with the responsibility to ensure the effective direction and control of the business and to deliver the Group's long-term strategies and goals. It advises the Board in formulating policies in relation to the Group's business operations, monitors the performance and compliance of the business, and supervises the management to implement the Board resolutions.

The Executive Committee acts as a bridge for communication and connection between the Board and the management, and plays a crucial role in enhancing the quality of corporate governance as well as strengthening the management efficiency of the Company. It ensures that the Board can timely hear the voices of the operation and management staff and acts timely in respect of material operation affairs of the Company. It meets on a regular basis to review the Group's activities and discuss management and operational issues.

The Executive Committee held twelve meetings during 2016. The executive Directors, the president, the vice presidents and the senior management of the Company all attended each meeting.

COMPANY SECRETARY

Ms. CHEUNG Siu Lan, secretary of the company, is an employee of the Company, appointed by the Board, and responsible to the Board. The Company Secretary is responsible for ensuring that the activities of the Board conducted efficiently and effectively, and the procedures and all applicable laws and regulations complied with. She also supports and facilitates the training and professional development of Directors.

The Company Secretary reports to the Chairman and the Board, provides advice on corporate governance and corporate transactions, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules. All Directors may call upon her for advice and assistance at any time in respect to their duties and the effective operation of the Board and the Board Committees.

During the year under review, Ms. CHEUNG has attended relevant professional seminars to update her skills and knowledge. She has complied with the Listing Rules to take no less than 15 hours of relevant professional training in a financial year.

CODE OF CONDUCT AND TRAINING OF DIRECTORS

Every newly appointed Director will receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the operations and business of the Company, and that he/she is fully aware of his/her responsibilities under Statutes and Common Law, the Listing Rules, applicable rules and other regulatory requirements, and especially the governance policies of the Company. All Directors have been given the "Guidelines on Directors' Duties" and "Working Guidelines for the Board" of the Company. The Company Secretary will continuously update and refresh Directors on the latest law, rules and regulations regarding their duties and responsibilities. All Directors are required to disclose to the Company their offices held in public companies or organizations and other significant commitments.

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("Code of Conduct"), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, all Directors confirmed that they have complied with the Code of Conduct throughout 2016.

The Company has arranged appropriate insurance cover on Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Directors' training is an ongoing process, in order to ensure that their contribution to the Board remains informed and relevant. The Company encourages all Directors to participate in appropriate training programs. During the year under review, all members of the Board have provided their records of training they received to the Company Secretary for record. Their trainings included attending seminars and discussion forums, reading briefings and update materials.

OPERATION OF MEETINGS AND SUPPLY OF AND ACCESS TO INFORMATION

Throughout the year under review, arrangements were in place to ensure all Directors were given an opportunity to include matters in the agenda for regular Board meetings. Notice of at least fourteen days was given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice was also given.

Full Board or committee papers were sent to all Directors at least three days before the intended date of a Board meeting or a committee meeting. Management had supplied the Board and its committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management was also invited to join the Board or committee meetings where appropriate.

It is our principle, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter must be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction shall be present at that Board meeting. Any Director who has a conflict of interest must abstain from voting.

During the year under review, minutes of Board meetings and meetings of Board Committee were recorded in detail the matters considered by the Board or Board Committees and decisions reached. Draft and final versions of minutes of Board meetings and meetings of Board Committees were sent to all Directors for their comments within a reasonable time after the Board or committee meetings were held. Minutes of the meetings are always kept by our Company Secretary, and the Board and committee members may inspect the documents and minutes of the Board and the Board Committees at any reasonable time by giving reasonable notice.

At all time, where necessary, the Directors can seek separate independent professional advice at the Company's expenses so as to discharge his/their duties to the Company. All the Directors are also entitled to have access to timely information in relation to our business and make further enquiries where necessary, and they have separate and independent access to senior management of the Company.

DIRECTORS' ATTENDANCE RECORD

In the year 2016, the attendance records of the Directors at Board meetings, Audit Committee meetings, Risk Management Committee meetings, Remuneration and Nomination Committee meeting, the annual general meeting and the extraordinary general meeting are as follows:

Directors	Board	Audit Committee	Risk Management Committee	Remuneration and Nomination Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors:						
YU Bing *(President)*	4/4	–	2/2	–	1/1	1/1
WANG Zichao	4/4	–	–	–	1/1	1/1
Non-executive Directors:						
WANG Binghua *(Chairman of the Board)*	3/4	–	–	–	1/1	1/1
GUAN Qihong	4/4	–	–	–	1/1	1/1
Independent non-executive Directors:						
KWONG Che Keung, Gordon *(Chairman of the Audit Committee)*	4/4	2/2	2/2	1/1	1/1	1/1
LI Fang *(Chairman of the Remuneration and Nomination Committee)*	4/4	2/2	2/2	1/1	1/1	1/1
TSUI Yiu Wa, Alec (Note 1)	4/4	2/2	2/2	1/1	1/1	1/1
YAU Ka Chi (Note 2)	–	–	–	–	–	–

Notes:

1. TSUI Yiu Wa, Alec resigned as an independent non-executive Director with effect from 12 December 2016.

2. YAU Ka Chi was appointed as an independent non-executive Director with effect from 12 December 2016.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Directors acknowledge their responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the Listing Rules, Companies Ordinance and also the accounting principles and practices generally accepted in Hong Kong. Appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable.

During the year 2016, all Directors have been given on a monthly basis the latest information and briefings about the financial position, changes in the business and the development of the Group. The Letter to the Shareholders from the Chairman contained a summary of the Company's performance in this annual report and how the Company will preserve value over the long term and our strategies for delivering the Company's objectives. The Directors ensured a balanced, clear and understandable assessment of the Company's performance, position and prospects in annual reports, interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory requirements.

Risk Management and Internal Controls

The Board puts particular emphasis on risk management and strengthening internal control system. In respect of organizational structure, the Company has set up the Audit Committee, the Risk Management Committee, the Remuneration and Nomination Committee and the Executive Committee. The principles of the internal control framework of the Company are: to strengthen the Company's internal monitoring and control in accordance with the requirements of the Hong Kong Stock Exchange, continuously improve the Company's corporate governance structure, build up corporate integrity culture, establish an effective control system, continuously assess the competence of the internal control system and the efficiency of the management through auditing, risk assessments and internal assessments, review identified risk exposures and ensure the effective running of the control system.

The Company has established the Internal Audit Department and has been ensuring the independence of its organization, staffing and work, which is crucial to the Company's internal controls. To create a good internal control environment, the Internal Audit Department provides internal control assessment reports to the management on a regular or ad hoc basis. It also reports to the Audit Committee and the Board at least twice a year on internal control matters. From 23 March 2016 onward, it also reports to the Risk Management Committee at least twice a year on risk management matters. To minimize risk faced by the Company, the Department evaluates and reviews the Company's internal control processes to avoid risks and provide a solid foundation for building up an effective internal control system.

The Company has a comprehensive internal control system which includes seven parts, namely "basic framework of the internal control system", "management authorization manual", "staff disciplinary code", "code on conflicts of interests", "operational standards for internal control activities", "assessment standards for internal control system", and "implementation standards for internal audit", details of which are contained in our "Risk Management and Internal Control Specifications".

While taking into full account the risk management framework requirements of The Committee of Sponsoring Organizations of the Treadway Commission, the promoter of the National Commission on Fraudulent Financial Reporting, and risk management guidelines set out by the Hong Kong Institute of Certified Public Accountants, the internal control system of the Company also learns from the experience of outstanding management companies and takes into consideration our actual situation and business characteristics in formulating the control framework for assessing the efficiency and competence of the internal control system, which provide a solid foundation to ensure the effectiveness of the Company's operating activities, reliability of its financial reports and compliance of laws and regulations.

During the year under review, the Company strictly complied with the relevant code provisions of the CG Code in relations to risk management and internal control as follows:

The Board through the Audit Committee and Risk Management Committee has reviewed the efficiency of internal control system of the Company and its subsidiaries in aspects such as financial controls, operational controls, regulatory compliance and risk management. The Directors believe that the risk management and internal control systems are efficient and adequate, and controls effectively the risks that may have impacts on the Group in achieving its goals.

The Internal Audit Department assessed the internal control systems based on the "Risk Management and Internal Control Specifications", and reviewed the improvement works regarding the issues discovered during the prior year internal control assessment in 2015. Surrounding the key areas and key links of the operational management, we have a better picture of the current conditions of internal control of each business unit by analyzing various internal control points relating to the business processes and unearthed defects and weaknesses of the internal control system for improvements in a timely manner. The results of the internal control studies are incorporated into the business performance assessments for each subsidiary company. By doing so, potential operation and management risks can be avoided and the corporate governance standards as well as economic benefits can be enhanced. For the year under review, no significant area of concern which may affect the shareholders of the Company was found.

Last year, internal audits were conducted on the basis of independent supervision and objective assessment of the adequacy and effectiveness of the risk management and internal control systems in operation. As review by the audits conducted by the Internal Audit Department, it set rectification requirements for 34 issues, added 51 proposals to strengthen controls and followed up actively to ensure the relevant issues were improved.

It also carried out risk assessment in the area of information collection, various business management and its key business processes for risk identification and analyses. According to the results of the risk analyses combined with the risk tolerance and the risk/reward tradeoffs to determine the corresponding risk strategies and measures, implemented the risk management responsibility to the power plants/business units. The risks faced by each business unit and its risk management and control system capabilities were reflected to the management in a timely manner, to continuous monitoring of the risks, and evaluation of the effectiveness of the risk management, in order to improve the Group's defense capability against risks.

In addition, the Internal Audit Department adopted appropriate measures to review quarterly the implementation of the Group's existing continuing connected transactions. During the year under review, the relevant companies had monitored strictly pursuant to the pricing policies and terms of the continuing connected transactions in the actual course of business operation and did not exceed those relevant annual caps as disclosed.

For good corporate governance practice, the Board approved launching a "Whistleblowing Policy" in April 2012, for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in secure and confidence manner, with the Internal Audit Department about possible improprieties in any matter related to the Group, and through the Internal Audit Department reports directly to the Audit Committee.

Inside Information

The Company adopted its own "Inside Information Management Policy" setting out the procedures and internal controls for handling and dissemination of inside information in August 2013 with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

The Company incorporated the topic on inside information into its annual internal training to its senior management regarding the continuing disclosure obligations under the Securities and Futures Ordinance and the Listing Rules.

External Auditor's and its Remuneration

The Company appointed Deloitte Touche Tohmatsu as the Company's auditor (the "Auditor"). The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the Auditor, and to approve the remuneration and terms of engagement of the Auditor, and any questions of its resignation or dismissal.

For the year ended 31 December 2016, the Audit Committee reviewed and monitored the Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

For the year ended 31 December 2016, the fees payable by the Company to the Auditor in respect of audit and non-audit services provided were as follows:

	HK$'000
Audit services	6,240
Non-audit services:	
Interim review	1,290
Continuing connected transactions	180
Issuance of short-term commercial paper	650

COMMUNICATION WITH SHAREHOLDERS

Apart from reporting to the shareholders and investors on its operations and financial conditions semi-annually and annually, the Company also discloses relevant information such as electricity generation of the Company regularly so that the investors have a better understanding about the operation of the Company. The Company maintains a corporate website at www.chinapower.hk where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Hong Kong Stock Exchange, the same information is made available on the Company's website.

The Company also holds regular press conferences and meetings with financial analysts and investors, during which the Company's management will directly provide relevant information and data to the media, financial analysts, fund managers and investors, as well as answer their enquiries in a prompt, complete and accurate manner. The Company's website is updated continuously, providing up-to-date information regarding every aspect of the Company to investors and the public.

The Company has a Capital Markets & Investor Relations Department, which takes charge of the Company's relationship with investors by providing information and services to investors, promptly replying to their enquiries, and maintaining channels of active and timely communication with them.

In March 2012, the Board adopted a "Shareholders Communication Policy" of the Company which aims to set out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and potential investors to engage actively with the Company. The "Shareholders Communication Policy" of the Company is posted on the Company's website under the "Corporate Governance" section.

Chairman of the Board attended and chaired the Company's annual general meeting held on 7 June 2016. Other Directors, including three independent non-executive Directors, being the chairman/members of the Audit committee, the chairman/members of the Remuneration and Nomination Committee, and the members of the Risk Management Committee, together with the external independent auditor attended the annual general meeting and answered questions from the attending shareholders and investors. All resolutions proposed were duly passed by shareholders' voting at the meeting.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene General Meeting

Shareholders of the Company (the "Shareholders") entitled to have right to request the Company to convene a general meeting pursuant to Division 12 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The procedures are as follows:

1. The Directors are required to call a general meeting if the Company has received requests to do so from the Shareholders representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

2. A request —

   (a) must state the general nature of the business to be dealt with at the general meeting; and

   (b) may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting.

3. Requests may consist of several documents in like form that —

   (a) may be sent to the Company in hard copy form or in electronic form; and

   (b) must be authenticated by the person or persons making it.

4. Directors must call a general meeting with 21 days after the date on which they become subject to the requirement, and must be held on a date not more than 28 days after the date of the notice convening the general meeting.

5. If the requests received by the Company identify a resolution that may properly be moved and is intended to be moved at the general meeting, the notice of the general meeting must include notice of the resolution.

6. If the resolution is to be proposed as a special resolution, the Directors are to be regarded as not having duly called the general meeting unless the notice of the general meeting includes the text of the resolution and specifies the intention to propose the resolution as a special resolution.

Voting by Poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at the commencement of each general meeting, and questions from Shareholders regarding the voting procedures are answered. The poll results are posted on the respective websites of the Company and the Hong Kong Stock Exchange on the same day of the poll.

Procedures for Shareholders Sending Enquiries to the Board

Shareholders should direct their questions about their shareholdings to the Company's registrar and whose details are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990

The Company Secretary and the Capital Markets & Investor Relations Department of the Company also handle both telephone and written enquiries from Shareholders from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions. For Shareholders and investors' enquiries, the contact information is set out in the "Useful Information for Investors" section of this annual report.

Other Procedures for Shareholders' Proposals

The details of the following procedures are available at the Company's website www.chinapower.hk under the "Corporate Governance" section for review.

- Procedures for Shareholders making proposals at general meetings
- Procedures for Shareholders to nominate a person to stand for election as a Director

Constitutional Documents

The Company's constitutional documents have been posted on the Company's website www.chinapower.hk under the "Corporate Governance" section. During the year under review, there was no change in the Company's articles of association.

RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee on 23 March 2016. The Risk Management Committee is delegated by the Board with responsibilities to oversee the Group's overall risk management framework and to advise the Board on the Group's risk-related issues. The Risk Management Committee is also responsible for approving the Group's risk management policies and assessing the effectiveness of the Group's risk controls. The details of the terms of reference of the Risk Management Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Risk Management Committee held two meetings during 2016. The committee's work performed during the year among which including: reviewed, discussed and approved the Financial Services Framework Agreement, and made recommendations to the Board; and reviewed the newly compiled "Internal Working Guidelines for the Risk Management Committee".

RISK MANAGEMENT FRAMEWORK

The Group has established a risk management framework for three lines of defence:

- 1st line of defence — Risk Management — is the relevant functional departments and business units, responsible for matters within their terms of reference for risk management;

- 2nd line of defence — Risk Oversight — is the Risk Management Committee under the Board and the functional departments for risk management, responsible for overseeing, inspecting and evaluating those works relating to the implementation of risk management; and

- 3rd line of defence — Independent Assurance — is the Audit Committee under the Board and the Group's Internal Audit Department, responsible for auditing the results of the risk management and internal control works done and issuing an audit report.

RISK MANAGEMENT PROCEDURES

The risk management procedures of the Group are as follows:

Phase 1: Risk Assessment Criteria — the Group's Internal Audit Department establishes common risk assessment criteria and sets up risk score tables for the Group.

Phase 2: Risk Identification — each department/business unit identifies the risks that potentially impact the key processes of their operations.

Phase 3: Risk Assessment — each department/business unit assesses and scores the risks identified along with their impact on the business and the likelihood of their occurrence.

Phase 4: Risk Treatment — each department/business unit assesses effectiveness of existing controls and provides timely treatment plans.

Phase 5: Risk Reporting and Monitoring — each department/business unit monitors the risk mitigating activities. The functional departments for risk management reports regularly to the relevant management of the Group and provides assurance on the progress of treatment plans.

The risk management procedures include a periodic review of the control mechanisms for each risk and a rating of the effectiveness of each control. The Risk Management Committee examines the Group's significant corporate risks and action plans every six months and submits a risk management report to the Board every year.

The principal risks facing the Group based on the risk assessment for the year 2016 are as follows:

Group's Top Risks	Treatment Plan(s)	Target Risk Trend
Risks relating to market changes — The demand for electricity is expected to grow at a lower speed due to the slower economic growth in China. As the growth of new operating power generating units exceeds that of the electricity demand, the capacity of power generation is at risk of overcapacity and the annual average utilization hours of our power generating units and facilities will potentially decrease. Power generation companies thus are expected to confront with more intensified competition in the market.	The Group will continue to focus its efforts on optimizing the power supply structure and strive to increase dispatching electricity. First, the Group will actively participate in direct transactions and bidding of regional major users to strive for the direct supply of electricity. Second, the Group will strive for basic electricity supply incentives through those supporting policies on basic electricity supply, like on energy-saving power supply and the development of the heat supply market. Third, the Group will strengthen the marketing mechanism, establish a market- and user-oriented marketing system and improve the marketing special incentive mechanism so as to enhance competitiveness, stabilize and increase market share.	↑
Risks relating to policy changes — Our power plants are subject to the PRC governmental and power grid regulations. As China is intensifying the power industry reform, there is a risk of decreasing on-grid tariffs for coal-fired power generation. Meanwhile, the implementation of measures such as government intervention and production curtailment of the coal industry itself, the uncertainties existing in the coal market and the fluctuations in coal supply will bring risks to fuel cost control of the Group's coal-fired power generation.	The Group will continue to closely follow the national policy and strengthen communication, understanding and support with regional governments, and strive for self-determining prices by negotiations. The Group will continue to promote energy saving and emission reduction, strive for ultra-low emission tariffs, and recover renewable energy subsidies. To strengthen cost control, the Group actively cooperated with large coal mining enterprises, entered into annual key coal purchase contracts, stabilized coal supply and achieved preferential unit purchase prices. The Group constantly opened up procurement channels, increased efforts in the centralized procurement of coal and reduced coal-fired fuel costs by capitalizing on the economy of scale.	↑

Group's Top Risks	Treatment Plan(s)	Target Risk Trend
Risks relating to approvals of power plant development or investment — Our continued success depends on our ability to secure, in a timely and cost-effective manner, the required PRC government and other approvals for our power plant projects. Any delay or failure to secure any of the required approvals, licenses or permits may increase costs or delay or prevent the commercial operation or integration of the affected power plant.	The Group has made strategic adjustments in accordance with the government policies, optimized the industrial structure, expanded the business scope, accelerated the development of integrated energy and transformed itself into an integrated energy supply and service enterprise. By capitalizing on the advantages of regional location and presence, the Group actively entered the local independent electricity sales and distribution business and vigorously developed integrated energy. The focus is put on investing in the economic development zones emphasized by the State with strong consumption capacity in order to guarantee the reliability of project revenue. The Group has actively accelerated the development of clean energy, regulated the development of coal-fired power and is transforming itself into a low-carbon enterprise and has put efforts in investing in State-supported renewable energy projects such as the expansion of the existing hydropower stations, investment in offshore wind power projects and the photovoltaic "Top Runner" projects.	—
Risks relating to natural factors — The level of power generation and financial performance of our hydropower generation business are particularly affected by natural factors such as rainfall and temperature changes, which may increase costs or delay revenue and affect profitability.	The Group has been strengthening the management of riverflows, leveraging the cascade watershed adjustment advantage and continuously stabilizing hydropower for the full year to reduce the negative impact brought by seasonal and rainfall changes.	—

Group's Top Risks	Treatment Plan(s)	Target Risk Trend
Risks relating to environmental protection policy — The environmental protection laws and regulations are getting stricter in China. In particular, the PRC government focuses heavily on the control of smog weather and takes strict precautions against the pollution sources. Rigid management of processes and severe punishments are exerted in enforcement. For the power industry, investment in environmental protection will further increase as more stringent requirements will be imposed on the operation of environmental friendly facilities.	The Group has always been placing a great emphasis on environment protection from a corporate sustainability and development perspective and is currently in full compliance with the requirements of the environmental protection laws and regulations. The Group will speed up the completion of the ultra-low emission and integrated energy-saving upgrades of all its coal-fired power generating units.	—
Risks relating to funding — As the Group increases its effort in various power generation project development, financial adequacy will have an increasingly impact on the Group's operations and development.	The Group has always been capable of leveraging its access to the domestic and overseas markets to optimize its financing sources and lower its financing costs. Cost-saving and efficiency enhancement initiatives have been adopted in our business management to lower administrative and operating expenses. Management reports annually to the Board on the working capital budget and estimates the required amount of borrowing for the year at the beginning of the year and the amount of the credit facilities required to ensure that the Group has obtained adequate financial resources to support the continued operation and development projects for the foreseeable future.	—

Group's Top Risks	Treatment Plan(s)	Target Risk Trend
Risks relating to foreign exchange — The Group is principally operating in the Mainland China, with most transactions denominating in Renminbi. Apart from certain cash, bank balances and borrowings, most of the Group's assets and liabilities were denominated in Renminbi. The Group held commercial notes denominated in USD, and held borrowings denominated in JPY and USD. Increased fluctuation on the exchange rates between Renminbi against USD and JPY resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial position and operating results.	As at 31 December 2016, the single most significant foreign currency debt of the Group was the commercial notes of USD300,000,000 (approximately RMB2,081,100,000) for a period of three years from 8 July 2014. In order to manage exchange rate risks, the Group entered into two option contracts to sell RMB for USD with Bank of America at a fixed exchange rate with an aggregate amount of approximately USD296,778,000 in 2015, to hedge against the foreign exchange rate risks brought by the commercial notes. It is expected that there will be no material foreign exchange risk of RMB against USD upon settlement of the USD commercial notes.	↓

Environmental Protection and Social Responsibility Report

ENVIRONMENTAL PROTECTION

Insisting on the core value of "giving light and power to the world, leaving clear water and blue skies to our children", the Group, by virtue of its consistent inputs for energy conservation and emission reduction, advocating the development of clean energy and actively promoting sustainable development in social, economic and environmental terms, is committed to the targets of becoming a resource-saving and environment-friendly enterprise with high proportion in clean energy, low consumption of energy and resources, and low discharge of pollutants.

1 Climate Change — coping strategies and actions

The PRC government places consistently strong emphasis on environmental protection and continuously improves its legislation on renewable energy. A number of environmental policies were promulgated with a view to enable economically sustainable development. With China officially becoming a party to the Paris Agreement in 2016 indicating a serious commitment to tackle climate change, the PRC government issued in the same year the "13th Five-year" plans for energy and power development, in which the targets for clean energy developments were specified up to 2020. In general, Chinese companies are confronting new requirements for environmental and social responsibilities. The Group acknowledges that it is incumbent upon, and obligatory for, energy and power companies such as the Group to actively cope with global climate change, and corresponding strategies are formulated while relevant actions are engaged.

1.1 Our Strategies

Aims and Directions for Development

The Group is committed to establishing itself as a clean low-carbon integrated energy company. In order to contribute to the coping responses to global climate change, the Group's directions for development for achieving existing goals are as follows:

(1) Enhance the development of clean energy: continue to increase the proportion of clean energy by maintaining our lead in hydropower generation and making further progress in the development of premium wind power and photovoltaic projects, while controlling and slowing down new coal-fired power generation.

(2) Reduce pollution emitted by the existing coal-fired power generating units: to complete the ultra-low emission technical upgrades in order to reduce the pollutants and greenhouse gases emission per unit of power generated; to enhance the efficiency of the power generating units in order to reduce the consumption of fossil fuels per unit of power generated.

(3) Develop technological innovation: to strive for breakthroughs in the area of clean energy and low carbon emission with greater R&D inputs.

Basis of Actions

The actions committed by the Group are based on:

(1) Policy guidance: commitments made by the PRC government upon joining the Paris Agreement on climate change, plan targets as set out in the "13th Five-year" plans for energy and power of the PRC, "Air Pollution Prevention and Control Action Plan", "Action Plan Of the Upgrade and Renovation for Coal-fired Units to Achieve Energy Saving and Emission Reduction (2014-2020)", among other policies.

(2) Regulatory standards: "Environmental Protection Law of the People's Republic of China", "Atmospheric Pollution Prevention and Control Law of the People's Republic of China", "Emission Standard of Air Pollutants for Coal-fired Power Plants" and other environmental regulatory standards issued by the central and local governments.

Strategic Support

The Group accelerates the implementation of its transformational strategies and strives for the developments in clean energy, general development, smart technology and international expansion. In particular, developments in clean energy were ramped up in a bid to reduce reliance on traditional energies and transform from carbon-heavy into low-carbon generation, which is a major component in our transformational development strategy. The established strategy of the Group strongly supports various initiatives coping with climate change.

1.2 Our Works

Air pollution

In strict compliance with the "Emission standard of air pollutants for coal-fired power plants", "Ambient air quality standards" and other pertinent laws and regulations as well as in response to the requirements under "Action Plan Of the Upgrade And Renovation for Coal-Fired Units to Achieve Energy Saving and Emission Reduction (2014–2020)", the Group effectively controlled the emission of airborne pollutants by installing dedusting, desulphurization and denitration facilities and procuring coals with less pollutant contents.

During 2016, the Group embarked upon the researches on the processes of replacing liquefied anhydrous ammonia with urea as denitration agents, with a view to further mitigating risks in work safety and environmental hazards. In particular, pre-upgrade initial works have been initiated in Dabieshan Power Plant, Wuhu Power Plant and Fuxi Power Plant.

During 2016, as part of the ultra-low emission upgrade, the DC-powered dedusting device was installed to further reduce emission of dusts, and GGH tubes were installed to eliminate the visual pollution from white plume.

Exhausts

As part of the environmental upgrade strategy, the Group embarked upon the third environmentally-friendly upgrade with an aim for ultra-low emission. During 2016, 13 power generating units completed their ultra-low emission upgrades. In particular, the generating unit no. 1 of CP Shentou Power Plant completed its ultra-low emission upgrade and was accepted and the electricity sales was awarded for ultra-low emission by Shanxi Province after inspection for its environmental performance. The generating units no. 5 and no. 6 of Pingwei Power Plant III obtained a green electricity tariff of RMB27/MWh for their performance in desulphurization, denitration and dedusting. Fuxi Power Plant received a 50% discount on the flue gas and dust discharge fee in the first quarter of 2016, indicating recognition for our environmental upgrades.

Discharge of sulphur dioxides, nitrogen oxides, and flue gas and dusts by the Group reduced significantly due to our ultra-low emission upgrades, with the total discharge decreased by 2,281 tonnes, 1,293 tonnes and 679 tonnes, respectively.

The Group also reduces the discharge of carbon dioxide and other greenhouse gases through the development of clean energy to cope with climate change in a proactive manner. In 2016, the Group's clean energy power generation amounted to 18,798,569MWh, representing a reduction in carbon dioxide discharge by 15,076,452 tons.

SOCIAL RESPONSIBILITY

The Group complies with the safe, healthy and environment protection principle of "Human-oriented, Risk Control, System Management, Green Operations", pursuing high standards of operations and striving to minimize the adverse impact on the society and the environment. It is improving its standards on clean production to provide safe, economic and clean products and services to customers and the society.

2 Employment and Labour Practices — A People-Oriented Approach

Our employees are the driving force behind our sustainable development. We have always been committed to the provision of a sound workplace for employees and the protection of employees' lawful rights. Health and safety of the employees are our concern and a wide-ranging platform has been in place for career development of the staff so as to create a corporate culture of loyalty and cohesiveness, promoting the mutual growth of the staff and the Company.

3 Operational Practices — Safeguarding Stable Development

Supply chain management

The Group persists in developing fair and impartial working relationships with suppliers. Bulk purchases of fuel and other materials are subject to an administrative regime that separates purchase, delivery inspection and acceptance, and supervision, in a bid to eliminate corruption at source. Contracts and agreements are performed in stringent compliance with contractual requirements and all suppliers are treated with respect in an equal manner.

While fulfilling its own social responsibility, the Group also incorporates concepts and requirements of social responsibility in the management of suppliers. A stringent and standardized system for the selection and management of suppliers has been formulated, in a bid to safeguard a healthy and orderly marketplace in a joint effort with other parties in accordance with the "Regulations for the Management of Suppliers", "Implementation Measures for the Evaluation of Material Suppliers", "Implementation Measures for the Evaluation of Tender Suppliers" and other pertinent regulations.

Approval of fuel suppliers is subject to the fulfilment of precedent conditions based on the mine resources or transport support provided by the potential suppliers, which are assessed and examined in a comprehensive manner with reference to their qualification, skill competence, product quality, pricing, after-sale service and reputation, and are graded as I, II and III in accordance with the Catalogue for Grading and Classification of Materials. China Power focuses on assessing and examining suppliers of Grade I and II and those which are newly added or planned to be eliminated. In 2016, the Group assessed 1,664 suppliers of fuels and other materials, and identified 40 unsatisfactory suppliers, 10 of which were blacklisted.

As a power generator, the Group mainly sells electricity generated from its power plants through the local power grid companies. In 2016, seizing the opportunity directed by the PRC government in opening up the electricity market, the Group has been actively fostering its own customer base by proactively liaising with enterprises of large electricity consumption and building with them long lasting and sustainable partnerships in order to increase the market share of power supply.

Safe production

The Group regards safe production as the prerequisite for stable power supply and sustainable development for the Company in firm adherence to the safety philosophy which maintains that "no risks are uncontrollable, no breaches are unpreventable and no accidents are unavoidable" and the safety production directives of "safety as priority, prevention rather than cure, and comprehensive management". No major incident related to our employees, facilities or the environment occurred in 2016.

4 Community Investment — Promoting Harmony

The Group is actively involved in community building and conducts its business in a responsible manner in the places where it operates, with the aim of driving local economic and social development. Social charity, education in science and technology and other campaigns that contribute to the well-being of local communities are organized based on their practical needs.

The full version of the "Environmental Protection and Social Responsibility Report" will be posted on the websites of the Company and the Hong Kong Stock Exchange on or before 30 June 2017.

Investor Relations and Frequently Asked Questions

INVESTOR RELATIONS

The Company, the Board and the management have always prioritized the investor relation activities and deeply acknowledge that investor relations is a strategic management activity which could enhance understanding between investors and the Company, upgrade the level of corporate governance, transparency and strategic credibility and create values for shareholders. Since the listing of the Company, we have been putting efforts in investor relation work, maintaining sufficient communications with the investors. We are also convinced that reporting to shareholders and establishing a good investor relation are important responsibilities of the Board and the management.

The Chairman of the Board, the Directors and the senior management have participated in a variety of investor relation activities to maintain communication with the investors. During the meetings with investors, we honestly answered all the questions raised by investors to enable them to gain comprehensive, deep and objective information on the operations and development strategies of the Company. Apart from introducing the development in the power industry, the relevant environmental protection, industry and tariff policies, the operations and development strategies of the coal-fired power, hydropower, wind power, photovoltaic power, and electricity sales and distribution of the Company, we also emphasize the feedback from the investors in order to form a good interaction between the Company and the investors. From this, we continuously improve our operations and management while creating greater value for the shareholders.

PRESS CONFERENCES FOR ANNUAL AND INTERIM RESULTS

In 2016, the Company organized the results press conferences right after the publications of its 2015 annual results and 2016 interim results. The Directors and the senior management attended the conferences and had direct communications with investors and securities analysts to keep them abreast of the development strategies and the operations of the Company as well as gaining investors' understanding and recognition of the future development plans and profit growth targets of the Company.

GENERAL MEETING

The annual general meeting and the extraordinary general meeting for last year were held on 7 June 2016 at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The Chairman of the Board, the Directors and the senior management together with the external independent auditor and independent financial advisor attended both the annual general meeting and the extraordinary general meeting to answer enquiries from the shareholders and investors attending the meetings. All ordinary resolutions proposed at the meetings were duly passed by shareholders' voting.

The annual general meeting for this year is proposed to be held on 6 June 2017.

ROADSHOWS AND REVERSE ROADSHOWS

In 2016, we launched roadshows in the Mainland China, Hong Kong, Singapore and the United States to coordinate with the announcing of the results of the Company and maintain the regular meetings with investors. The senior management and investor relations team of the Company participated in the roadshows to have meetings with investors and met nearly 110 securities analysts and fund managers, which effectively promoted communication between the Company and the investors.

The Company actively carried out reverse roadshows, sent invitations and organized domestic and foreign investors and analysts to visit and inspect the power plants of the Company. In 2016, the Company organized investors to visit Datong Power Station, Shuocheng District Power Station and CP Shentou Power Plant, which were well received by investors.

INVESTOR FORUM

In 2016, the senior management and investor relations team participated in nine major investor forums in Hong Kong, Beijing, Shanghai, etc., and met nearly 120 securities analysts and fund managers.

REGULAR MEETINGS WITH INVESTORS

The senior management and investor relations team have meetings with investors and analysts upon their requests to introduce the information and recent operations of the Company and answer their questions. In 2016, the Company received visits of nearly 50 analysts and fund managers from investment institutions.

SHAREHOLDERS AND INVESTORS ENQUIRIES

The contact information for shareholders and investors enquiries are set out in the section headed "Useful Information for Investors" of this annual report.

FREQUENTLY ASKED QUESTIONS

1. What is the Company's Development Strategy?

The Company is a core subsidiary of SPIC, the ultimate holding company, for conventional energy business and has been an ultimate platform for its conventional energy business and assets reorganization and also a leader of its technological innovation and institutional innovation. The Company is proactively implementing its transformation and development strategy with commitment to the development of clean energy, and the construction to an integrated energy company.

2. What is the Company's Assets Injection Plan in the Future?

In January 2016, the Company entered into the letter of intent with SPIC, pursuant to which the Company intended to acquire 100% equity interest in Henan Electric power under the SPIC. Currently, the audit and evaluation on this project are progressing in an orderly manner. The Company will carry out the relevant acquisition works depending on the market conditions and the interest level of the investors, meanwhile will continue to promote the injection of quality clean energy assets from the parent company. The assets injection mentioned above fully reflects the strong support that has been given to the Company by SPIC.

SPIC is currently the only one integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC with an installed capacity reached 117GW by the end of 2016. In the future, the Company will realize a leaping growth in development and enhance its competitiveness through integration of injected projects and optimization of asset structures.

3. What is the Electricity and Tariff Level of the Group's Direct Transaction with Large-Volume Electricity End-Users in 2016?

In 2016, the power plants of the Group involved in direct power supply transactions are located in Anhui, Henan, Hubei and Shanxi with a total direct transacted electricity of 10,823,412MWh. The average agreed tariff was reduced by RMB33/MWh as compared with the benchmark tariff.

4. What is the Company's Anticipation of Supply and Demand for Coal for 2016 and 2017?

In 2016, the domestic coal industry has strictly enforced the elimination overcapacity policies of government, and the entire industry exceeded targets set for the full year. Coal price in China surged in the second half of the year as a result, which largely eroded profit margin in the coal-fire power segment.

In 2017, the policies on elimination of overcapacity in domestic coal industry will continue to affect the supply and demand of the market. Having considered factors such as the change in pattern of coal consumption, the change of imported coal quantity and the state policy to stabilize coal price, the Company estimates that the coal price in 2017 will remain stable as compared with that in 2016.

5. What is the Company's Anticipation of Supply and Demand for Power for 2017?

According to the forecast of China Electricity Council, the electricity consumption will remain a slow speed growth and the national total electricity consumption is expected to increase in 2017 as compared with the previous year. While China government have introduced policies on controlling the installed capacity growth of coal-fire power, the installed capacity for the year continued to rise by 110 million kilowatts, according to China Electricity Council. Generally, the situation of supply and demand for power remains much challenging in 2017, and the Group is under a greater pressure in boosting utilization hours of coal-fire power generation.

6. What is the Company's Capital Expenditures for 2016 and the Capital Expenditures Plan for 2017?

In 2016, the capital expenditure of the Group for the year was RMB7,630,700,000. Among which, the capital expenditure for the coal-fired power segment was RMB3,613,547,000, which was mainly used for the construction of new power generating units and technical upgrade for the existing power generating units. While the capital expenditure for the clean energy segment was RMB3,963,454,000, which was mainly used for the construction of new power plants and power stations.

In 2017, the Group has planned a capital expenditure of approximately RMB8,197,000,000. Of which, the expected expenditures for coal-fired power segment and clean energy segment will be approximately RMB3,567,000,000 and approximately RMB4,630,000,000 respectively, which will mainly use for the construction of new power generating units and technical upgrade for the existing power generating units.

7. What is the Company's Dividend Policy?

The dividend policy of the Company has fully taken into account of the cash flows and development needs of the Group and the dividend payout ratio of the peers in the industry.

The Board recommended the dividend payment of RMB0.160 per ordinary share for the year 2016, and dividend payout ratio was 50%. Apart from our commitment of a dividend payout ratio of not less than 25%, we will continue to take the above mentioned factors into full consideration when formulating our dividend policy in the future.

Report of the Board of Directors

The Board hereby presents to the shareholders its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016 (the "Consolidated Financial Statements").

PRINCIPAL ACTIVITIES

The principal activities of the Group are to develop, construct, own, operate and manage large power plants for generation and sale of electricity in China, and engage in investment holdings. Particulars of the Company's principal subsidiaries are shown in Note 43 to the Consolidated Financial Statements.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2016 are set out in the Consolidated Income Statement on page 93. The Board has recommended the payment of a final dividend of RMB0.160 (equivalent to HK$0.1805) per ordinary share for the year ended 31 December 2016, with a total amount of RMB1,176,826,000 (equivalent to HK$1,327,607,000).

BUSINESS REVIEW AND PERFORMANCE

Review of the Group's business and performance for the year ended 31 December 2016 are set out in this annual report as follows:

Aspects	In the section headed	Page
A fair review of the Group's business and analysis of financial position	• Management's Discussion and Analysis	22–33
A description of the principal risks and uncertainties facing the Group	• Risk Management Report • Note 41 to the Consolidated Financial Statements	54–57 172–178
The outlook of the Group's business	• Letter to Shareholders • Management's Discussion and Analysis	16 36
The Group's environmental policies and performance and compliance with the relevant laws and regulations that have a significant impact on the Group	• Environmental Protection and Social Responsibility Report • Management's Discussion and Analysis	58–60 34–35
An account of the Group's key relationships with its stakeholders that have a significant impact on the Group	• Environmental Protection and Social Responsibility Report • Investor Relations and Frequently Asked Questions	60–61 62–63
Particulars of important events affecting the Group that have occurred since the end of the financial year	• Not applicable	

CORPORATE GOVERNANCE

The principles and practices of the Group's corporate governance are set out in the section headed "Corporate Governance Report" of this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out in the section headed "Five-Year Financial and Operations Summary" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year, the additions and transfer from prepayment for property, plant and equipment of the Group amounted to RMB6,043,494,000, mainly representing general power assets. Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in Note 14 to the Consolidated Financial Statements.

SHARE CAPITAL

There was no change in the share capital of the Company during the year.

DEBENTURES AND COMMERCIAL PAPER ISSUED

In May 2015, Wu Ling Power, a 63%-owned subsidiary of the Company, obtained an acceptance confirmation from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) for issue of short-term debentures in the PRC with an aggregate amount of RMB1 billion with an effective registration period of two years. The third tranche of RMB300 million one-year-debentures was issued in March 2016, and the fourth tranche of RMB200 million one-year-debentures was issued in April 2016.

In September 2016, the Company obtained an acceptance confirmation from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) for issue of short-term commercial paper in the PRC with an aggregate amount of RMB5 billion for an effective registration period of two years. The first tranche of RMB2 billion one-year commercial paper was issued in October 2016.

Details of the above debentures and commercial paper are set out in Note 33 to the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2016, the Company did not enter into any equity-linked agreement.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in Notes 30 and 44 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVE

Calculated under Sections 297 and 298 of the Companies Ordinance, as at 31 December 2016, the distributable reserve of the Company amounted to RMB4,281,662,000 (2015: RMB2,997,346,000).

DIRECTORS

The present Directors of the Company are set out in the section headed "Corporate Information" of this annual report. Biographical details of each of the Directors are set out in the section headed "Directors and Senior Management Profiles" of this annual report, and details of Directors' emoluments are set out in Note 13 to the Consolidated Financial Statements.

Mr. TSUI Yiu Wa, Alec resigned as an independent non-executive Director on 12 December 2016 due to other business commitments and for having already served on the Board for more than 12 years. Mr. YAU Ka Chi was appointed as an independent non-executive Director on the same day to replace Mr. TSUI's position.

In accordance with Articles 81 and 82 of the Company's articles of association and the Listing Rules, Mr. YAU Ka Chi, Mr. YU Bing and Mr. GUAN Qihong will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. If the above Directors are re-elected, they will not enter into service contracts with the Company or any of its subsidiaries which are not determinable by the employing company within one year without payment of compensation other than statutory compensation.

As at 31 December 2016, none of the Directors had a service contract with the Company or any of its subsidiaries which was not determinable by the employing company within one year without payment of compensation other than statutory compensation.

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

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2016 or during the period from 1 January 2017 to the date of this annual report are available on the Company's website at www.chinapower.hk.

PERMITTED INDEMNITY

Pursuant to the Company's articles of association, subject to the Statutes, every Director of the Company shall be indemnified against any liability incurred by him in the execution and discharge of his duties or in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

SHARE OPTION SCHEME

A share option scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004 (the "Share Option Scheme"). The purposes of the Share Option Scheme are to attract and retain high-calibre personnel to provide them with the opportunity to acquire equity in the Company and to motivate them to higher levels of performance.

Unless otherwise terminated by the Board or the shareholders of the Company in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it is conditionally adopted by the resolution passed by our shareholders in general meeting (i.e. 24 August 2004) (the "Scheme Period"), and after which no further share options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting share options granted within the Scheme Period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

The Board may, at its absolute discretion, offer any employees, Directors (including executive and non-executive Directors other than independent non-executive Directors), chief executive and members of the management of the Company and the Group (the "Eligible Person") share options to subscribe for shares in the Company. Upon acceptance of the offer of the share option, the grantee shall pay HK$1.00 to the Company as a nominal consideration for the share option granted.

Except with the approval of the Company's independent shareholders at the general meeting, the total number of shares issued and to be issued upon the exercise of the share options granted or to be granted to each Eligible Person under the Share Option Scheme and other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the Company's shares in issue.

The exercise price per share subject to the share options granted under the Share Option Scheme shall be determined by the Board but shall be not less than the greatest of:

(a) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date, which must be a business day, of the written offer of the share option (the "Offer Date");

(b) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and

(c) the nominal value of the shares.

In the event of a capitalisation issue, rights issue, sub-division or consolidation of the shares or reduction of the capital of the Company whilst any share option remains exercisable, the Company shall make such corresponding adjustments to the exercise price per share for the outstanding share options.

A share option may be exercised at any time during a period to be notified by the Board to each grantee, such period not to exceed ten years from the Offer Date of the relevant share option. Save any circumstance stated below, the share options granted under the Share Option Scheme will have a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the Offer Date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option subject to any early vesting of share options described in the following paragraphs.

(1) Rights on a General Offer

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in similar manner) is made to the Company's shareholders, the Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the share options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantees shall be entitled to exercise the share option in full (to the extent not already exercised) within 14 days after the date on which such offer becomes or is declared unconditional.

(2) Rights on Schemes of Compromise or Arrangement

If, pursuant to the Companies Ordinance, a compromise or arrangement between the Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees on the same date as it dispatches to each shareholder or creditor of the Company a notice summoning a meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his/her share options in whole or in part prior to 12:00 noon on the day immediately preceding the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all grantees to exercise their respective share options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all share options shall, to the extent that they have not been exercised, be void and lapse.

(3) Rights on a Voluntary Winding-Up

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court is made for the winding-up of the Company, the Company shall give notice thereof (the "winding-up notice") to all grantees on the same day as such resolution is passed or order is made. The grantee may by notice in writing to the Company within 21 days after the date of the winding-up notice elect to be treated as if the share option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the grantee's notice, such notice to be accompanied by a remittance for the full amount of the aggregate subscription price for the shares in respect of which notice is given, whereupon the grantee will be entitled to receive out of the assets available in the liquidation pari passu with the Company's shareholders such sum as would have been received in respect of the shares the subject of such election.

The Company has used the Black-Scholes Option Pricing Model (the "Model") to assess the value of the share options at the dates of grant. The Model is one of the commonly used models to estimate the fair value of a share option. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

Pursuant to the Share Option Scheme, the share options were granted to the Directors, senior management and certain other employees on 4 April 2007 and 2 July 2008 respectively. The fair value of these share options determined at the dates of grant using the Model were HK$23,517,000 and HK$18,346,000 respectively. All such fair value had already been expensed regressively through the Group's consolidated income statement over the four-year vesting period of the relevant share options commencing from the year ended 31 December 2007 and 2008 respectively.

Movements of the share options under the Share Option Scheme for the year ended 31 December 2016 are as follows:

		Number of shares subject to share options					
Grantee	Date of grant	As at 1 January 2016	Lapsed or cancelled during the year	Exercised during the year	Outstanding as at 31 December 2016	Expiry date	Exercise price per share (HK$)
Directors:							
WANG Zichao	4 April 2007	804,000	–	–	804,000	3 April 2017	4.07
	2 July 2008	700,000	–	–	700,000	1 July 2018	2.326
GUAN Qihong	2 July 2008	400,000	–	–	400,000	1 July 2018	2.326
Other employees	4 April 2007	7,263,000	(1,905,000)	–	5,358,000	3 April 2017	4.07
	2 July 2008	18,560,000	(4,710,000)	–	13,850,000	1 July 2018	2.326

The Share Option Scheme expired on 24 August 2014, i.e. at the tenth anniversary since its adoption date. Following the termination of the Share Option Scheme, no further share options may be granted after that date but the provisions of the Share Option Scheme shall remain in full force and effect.

As at the date of issue of this annual report, the total number of shares in respect of which share options may be exercised under the Share Option Scheme was 20,892,000, representing approximately 0.28% of the existing issued share capital of the Company.

DIRECTORS' INTEREST IN CONTRACTS

There is no contract of significance in which the Company, its subsidiaries, its holding companies, fellow subsidiaries, associates and joint ventures was a party, and in which the Director had any material interest, subsisted during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, save as disclosed below, none of the Directors and their associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

Name of the Director	Position(s) within the Company	Other Interests
WANG Binghua	Chairman of the Board and non-executive Director	Chairman of SPIC, chairman of State Nuclear Power, chairman of CPI Holding and chairman of the board and a non-executive director of China Power New Energy Development Limited
YU Bing	Executive Director and president	Director and general manager of CPI Holding
WANG Zichao	Executive Director	Head of the General Office of SPIC
GUAN Qihong	Non-executive Director	Chief capital market officer of the Strategic Planning Department of SPIC, director of CPIF and director of CPI Holding

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2016, save as disclosed below, none of the Directors or the chief executive has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name	Capacity	Name of company in which interests are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives[1]	Percentage of issued share capital of the Company (%)	Long/ Short position
WANG Zichao	Beneficial owner	the Company	4 April 2007 and 2 July 2008	1,504,000	0.020	Long
GUAN Qihong	Beneficial owner	the Company	2 July 2008	400,000	0.0054	Long

Notes:

(1) The interests of the above Directors in the underlying shares of the Company represent the share options granted to them under the Share Option Scheme by the Company.

(2) None of the above Directors has interests in any securities of the Company (except for interests held under equity derivatives disclosed above).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2016, save as disclosed below, no person, not being a Director nor chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which should be recorded in the register kept under Section 336 of the SFO.

Name	Capacity	Number of shares in which interested other than under equity derivatives[3]	Percentage of issued share capital of the Company (%)	Long/Short position
CPDL	Beneficial owner	1,996,500,000	27.14	Long
CPI Holding[1]	Interest of a controlled corporation	1,996,500,000	27.14	Long
	Beneficial owner	2,093,638,564	28.47	Long
SPIC[2]	Interest of a controlled corporation	4,090,138,546	55.61	Long

Notes:

(1) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(2) SPIC is the beneficial owner of CPI Holding and therefore SPIC is deemed to be interested in the shares of the Company owned by CPI Holding for the purposes of the SFO.

(3) SPIC, CPI Holding and CPDL do not have any interest in the equity derivatives of the Company.

CONNECTED TRANSACTIONS ENTERED BY THE GROUP

Connected Transactions

(A) Construction Project Management Agreements

1. *Project Shentou*

Date: 8 June 2016
Parties: (i) Shanxi Shentou Power Plant II
(ii) CPI Power Engineering (as the Manager)
Total consideration: Not exceeding RMB66,950,000

2. *Project Pu'an*

Date: 8 June 2016
Parties: (i) CP Pu'an Power Plant
(ii) CPI Power Engineering (as the Manager)
Total consideration: Not exceeding RMB46,968,000

3. *Project Dabieshan*

Date:	8 June 2016	
Parties:	(i)	Dabieshan Power Plant
	(ii)	CPI Power Engineering (as the Manager)
Total consideration:	Not exceeding RMB46,885,600	

4. *Project Shangqiu*

Date:	8 June 2016	
Parties:	(i)	Shangqiu Power Plant
	(ii)	CPI Power Engineering (as the Manager)
Total consideration:	Not exceeding RMB31,054,500	

The Manager has agreed to act as and provide the services of the project manager overseeing the overall construction-related management work for each of the above power plant projects, until the expiry of the one-year warranty period after their completion. The project management fee is payable by installments.

Since CPI Power Engineering is a subsidiary of SPIC and SPIC is the ultimate controlling company of the Company, the Construction Project Management Agreements thus constitute connected transactions of the Company under the Listing Rules.

(B) Construction Supervision Agreements

1. *Project Dabieshan*

Date:	8 June 2016	
Parties:	(i)	Dabieshan Power Plant
	(ii)	Shanghai SNERDI Engineering (as the Supervisor)
Total consideration:	Not exceeding RMB12,500,000	

2. *Project Shangqiu*

Date:	8 June 2016	
Parties:	(i)	Shangqiu Power Plant
	(ii)	Shanghai SNERDI Engineering (as the Supervisor)
Total consideration:	Not exceeding RMB10,500,000	

The Supervisor has agreed to provide supervision services for each of the above power plant projects during the preparation, exploration, construction, trial run, completion and maintenance stages, until the expiry of the one-year warranty period after their completion. The supervision fee is payable by instalments.

Since Shanghai SNERDI Engineering is a subsidiary of SPIC and SPIC is the ultimate controlling company of the Company, the Construction Supervision Agreements thus constitute connected transactions of the Company under the Listing Rules.

(C) Aluminum Frames Purchase Framework Agreement

Date:	1 August 2016
Parties:	(i) CP Guorui (as the Purchaser)
	(ii) Ningxia Aluminum (as the Supplier)
Purchase quantity:	6,220 tons
Unit price:	RMB19,080/ton
Maximum consideration payable:	RMB118,680,000

The Purchaser will purchase from the Supplier the aluminum frames for construction of the Group's photovoltaic power stations. The consideration of the aluminum frames is payable by instalments.

Since Ningxia Aluminum is an indirect wholly-owned subsidiary of SPIC and SPIC is the ultimate controlling company of the Company, the entering into the transactions contemplated under the Aluminum Frames Purchase Framework Agreement thus constitute connected transactions of the Company under the Listing Rules.

(D) Environmental Improvement Contracting Framework Agreement

Date:	20 October 2016
Parties:	(i) the Company (representing its subsidiaries, individually the "Employer" or collectively the "Employers")
	(ii) SPIC (representing its subsidiaries, individually the "Contractor" or collectively the "Contractors")
Total contracting fee:	RMB314,000,000

The Contractors have undertaken to provide the works and services, guidance and supervision, technical advisory and personnel training, system's performance commissioning, testing and guarantee, and after-sales support in relation to the ultra-low-emission technical upgrade for the Employers' coal-fired power generating units, and to assume full responsibility for the project quality and maintenance during the warranty period. The Employers shall pay the Contractors the contracting fees by installments in accordance with the specific progresses made by the Contractors through electronic transfer or bank draft.

Since the Contractors are indirect subsidiaries of SPIC and SPIC is the ultimate controlling company of the Company, the entering into the transactions contemplated under the Environmental Improvement Contracting Framework Agreement thus constitute connected transactions of the Company under the Listing Rules.

Continuing Connected Transactions

(A) Land Lease Agreements

1. *Pingwei Power Plant and Yaomeng Power Plant Land Lease Agreements*

   Each of Pingwei Power Plant and Yaomeng Power Plant entered into a land lease agreement with SPIC on 27 August 2004 (the "Land Lease Agreements") to lease from SPIC the land on which they are respectively situated. The Land Lease Agreement with Yaomeng Power Plant was later supplemented on 24 September 2004, 23 May 2007 and 28 October 2016 respectively. The Land Lease Agreement with Pingwei Power Plant was also supplemented on 23 May 2007 and 28 October 2016. The basic terms of the above two Land Lease Agreements as amended are as follows:

Land Lease Agreement	Area (sq. m.)	Annual rent (RMB)	Lease Commencement Date	Lease Expiry Date
Pingwei Land Lease Agreement	4,352,884	7,188,131.29*	1 August 2004	16 September 2019 (being the expiry date of the term of the operation of Pingwei Power Plant)
Yaomeng Land Lease Agreement	2,858,170.6	5,539,132.94*	1 August 2004	26 August 2019 (being the expiry date of the term of the operation of Yaomeng Power Plant)

   * Inclusive of value-added tax

   Pingwei Power Plant and Yaomeng Power Plant are subsidiaries of the Company. SPIC is the ultimate controlling company of the Company. Accordingly, the Land Lease Agreements constitute continuing connected transactions of the Company under the Listing Rules.

2. *Shentou I Power Plant Land Use Right Lease Agreement*

   On 9 June 2005, Shentou I Power Plant (signed by its holding company, Tianze Development Limited at that time) entered into a land use right lease agreement (the "Land Use Right Lease Agreement") with SPIC regarding the lease from SPIC of a piece of land with an area of approximately 2,925,019.15 sq. m. for a lease term of 20 years commencing from 1 July 2005. The Land Use Right Lease Agreement was later supplemented on 28 October 2016. The annual rent for the period up to 31 December 2016 is fixed at RMB5,187,000 (inclusive of value-added tax). The rental amount is subject to review by the parties with reference to an independent valuation upon expiry of the said period.

   Shentou I Power Plant is situated on a parcel of land allocated by the State to SPIC. Accordingly, it is essential to enter into the Land Use Right Lease Agreement to ensure that Shentou I Power Plant is entitled to continue its operation on the land.

   Shentou I Power Plant is a subsidiary of the Company. SPIC is the ultimate controlling company of the Company. Accordingly, the Land Use Right Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

(B) Property Lease Agreement

1. *Beijing Property Lease Agreement*

The Company has been leasing a premises owned by CPI Holding since 2006 (the "Beijing Property Lease Agreement"). The Beijing Property Lease Agreement was renewed on 27 August 2009, 13 July 2012 and 31 August 2015, its basic terms are set out as below:

Address of Premises	Area (sq. m.)	Annual Rent	Lease Term
Premises situated on 6th to 9th and 11th to 13th Floors, East Building, Huihuang Shidai Plaza, 56 North West Fourth Ring Road, Haidian District, Beijing, PRC	8,800	RMB20,908,800 or RMB198 per square metre per month	1 September 2015 to 31 August 2018

The premises being rented is used as an office of the Company. The rent was determined after arm's length negotiations with reference to the prevailing market rent of other similar premises in the nearby locations.

CPI Holding is the controlling company of the Company, the entering into the Beijing Property Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

2. *Wu Ling Lease Agreement*

Qian Dong Power has been leasing the transmission lines and switching facilities owned by Wu Ling Power since the beginning of 2009 for the transmission of electricity generated by Qian Dong Power Plant to the Hunan power grid (the "Wu Ling Lease Agreement") and was renewed with the following terms:

Date:	28 December 2015
Annual rent:	RMB54,110,000
Term:	1 January 2016 to 31 December 2018

The rent of the transmission lines and switching facilities is determined based on the investment and construction costs of Wu Ling Power and should be payable annually.

Wu Ling Power is a subsidiary of the Company. Qian Dong Power is a non-wholly owned subsidiary of CPI Holding and CPI Holding is the controlling company of the Company. As such, Qian Dong Power is a connected person of the Company as defined in the Listing Rules. Accordingly, the Wu Ling Lease Agreement constitute a continuing connected transaction of the Company under the Listing Rules.

(C) Purchase Agreement

Material Purchase Framework Agreement

Date:	29 December 2015
Parties:	(i) The Company (representing its subsidiaries, individually the "Purchaser" or collectively the "Purchasers") (ii) Beijing CP Environmental (representing its subsidiaries, individually the "Supplier" or collectively the "Suppliers")
Term:	1 January 2016 to 31 December 2018
Proposed annual cap:	For the three financial years ending 31 December 2016, 2017 and 2018 should not exceed RMB117,700,000 each year.
Payment terms:	Settlement by cash on a monthly basis

Pursuant to Material Purchase Framework Agreement, the parties agreed that the Purchasers will purchase from the Suppliers the limestone powder for desulphurization (the "Materials"). The purchase prices of the Materials shall be determined by reference to (i) the prevailing local market prices from the other suppliers in the nearby locations where our power plants are located (not less than three latest comparable transactions), (ii) a floating space of 10% to cater for the changes in raw material cost, labour cost and transportation cost in the coming three years, and (iii) the favourable bargaining prices by bulk purchases.

As the Suppliers are subsidiaries of CPI Holding and CPI Holding is the controlling company of the Company, the Suppliers are therefore connected persons of the Company under the Listing Rules. The transactions contemplated under the Material Purchase Framework Agreement constitute continuing connected transactions of the Company.

(D) Service Agreements

1. *Technical Repair and Maintenance Framework Agreement*

Date:	1 April 2015
Parties:	(i) The Company (representing its subsidiaries, individually the "Employer" or collectively the "Employers") (ii) CP Maintenance Engineering (representing its subsidiaries, individually the "Technician" or collectively the "Technicians")
Term:	1 April 2015 to 31 December 2017
Proposed annual cap:	For each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB105,000,000, RMB140,000,000 and RMB140,000,000 respectively.
Payment terms:	Settlement by cash on a monthly basis or payable within 3 months after completion of the required services.

Pursuant to the Technical Repair and Maintenance Framework Agreement, the parties agreed that the Technicians will provide the Employers with repair and maintenance services for their power generation units and related power generation facilities. The service fee payable shall be made by reference to the market price (not less than three quotations or tenders) for provision of similar services chargeable by independent third parties in the ordinary course of business.

As the Technicians are subsidiaries of CPI Holding, and CPI Holding is the controlling company of the Company, the entering into the transactions contemplated under the Technical Repair and Maintenance Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

2. *Composite Support Services Framework Agreement*

Date:	1 April 2015
Parties:	(i) The Company (representing its subsidiaries, individually the "Employer" or collectively the "Employers") (ii) CPI Holding (representing its subsidiaries, individually the "Contractor" or collectively the "Contractors")
Term:	1 April 2015 to 31 December 2017
Proposed annual cap:	For each of the nine months and the two financial years ending 31 December 2015, 2016 and 2017, is RMB52,500,000, RMB70,000,000 and RMB70,000,000 respectively.
Payment terms:	Settlement by cash on a monthly basis or payable within 3 months after completion of the required services.

Pursuant to the Composite Support Services Framework Agreement, the parties agreed that the Contractors will provide the Employers with various supporting services in relation to their daily power plant operations. The service fee payable shall be made by reference to the market price (not less than three quotations or tenders) for provision of similar services chargeable by independent third parties in the ordinary course of business.

As the Contractors are subsidiaries of CPI Holding, and CPI Holding is the controlling company of the Company, the entering into the transactions contemplated under the Composite Support Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

(E) Coal Supply Framework Agreements

1. *Huainan Mining*

First Agreement

Date:	6 December 2013
Parties:	(i) The Company (representing Dabieshan Power Plant, Pingwei Power Plant, Pingwei Power Plant II, Pingwei Power Plant III, Wuhu Power Plant and CP Guorui, the subsidiaries of the Company, and Changshu Power Plant, an associate of the Company, individually the "Purchaser" or collectively the "Purchasers") (ii) Huainan Mining
Term:	1 January 2014 to 31 December 2016
Proposed annual cap:	For each of the three financial years ending 31 December 2014, 2015 and 2016, is RMB5,694,000,000, RMB7,388,000,000 and RMB9,082,000,000 respectively.
Payment terms:	Settlement on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

Second Agreement

Date:	30 December 2016
Parties:	(i) The Company (representing its subsidiaries, collectively the "Purchasers") (ii) Huainan Mining
Term:	1 January 2017 to 31 December 2019
Proposed annual cap:	For each of the three financial years ending 31 December 2017, 2018 and 2019, is RMB7,596,000,000, RMB8,238,000,000 and RMB8,616,000,000 respectively.
Payment terms:	Settlement on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

Pursuant to the above two Huainan Mining Coal Supply Framework Agreements, Huainan Mining will supply coal to the Purchasers. The purchase price of coal shall be determined with reference to (i) the current transacted coal prices of the local coal exchange or market in the PRC (two or more latest comparable transactions of independent third parties); (ii) the available data published at the website of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn; (iii) the quality of the coal; and (iv) the quantity of coal.

As Huainan Mining is the substantial shareholder of Pingwei Power Plant II, Pingwei Power Plant III and Dabieshan Power Plant, the subsidiaries of the Company, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Huainan Mining Coal Supply Framework Agreements constitute continuing connected transactions of the Company.

2. *China Coal Energy*

Date:	30 December 2015
Parties:	(i) The Company (representing its subsidiaries and an associate, collectively the "Purchasers") (ii) China Coal Energy
Term:	1 January 2016 to 31 December 2018
Proposed annual cap:	For each of the three financial years ending 31 December 2016, 2017 and 2018, is RMB1,520,000,000, RMB1,658,000,000 and RMB2,286,000,000 respectively.
Payment terms:	Settlement a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

Pursuant to the China Coal Energy Coal Supply Framework Agreement, China Coal Energy will supply coal to the Purchasers. The purchase price of coal shall be determined with reference to (i) the current transacted coal prices of the local coal exchange or market in the PRC (not less than three latest comparable transactions); (ii) the available data published at the website of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn; (iii) the quality of the coal; and (iv) the quantity of coal.

As China Coal Energy is the substantial shareholder of CP Shentou Power Plant, the subsidiary of the Company, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the China Coal Energy Coal Supply Framework Agreement constitute continuing connected transactions of the Company.

3. *Pingmei Shenma*

Date:	30 December 2016
Parties:	(i) The Company (representing its subsidiaries, collectively the "Purchasers") (ii) Pingmei Shenma
Term:	1 January 2017 to 31 December 2019
Proposed annual cap:	For each of the three financial years ending 31 December 2017, 2018 and 2019, is RMB2,798,000,000, RMB3,288,000,000 and RMB3,288,000,000 respectively.
Payment terms:	Settlement on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

Pursuant to the Pingmei Shenma Coal Supply Framework Agreement, Pingmei Shenma will supply coal to the Purchasers. The purchase price of coal shall be determined with reference to (i) the current transacted coal prices of the local coal exchange or market in the PRC (two or more latest comparable transactions of independent third parties); (ii) the available data published at the website of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn; (iii) the quality of the coal; and (iv) the quantity of coal.

As Pingmei Shenma is the substantial shareholder of Henan CP Ping'an Energy Services Company Limited* (河南中電平安能源服務有限公司), the subsidiary of the Company, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Pingmei Shenma Coal Supply Framework Agreement constitute continuing connected transactions of the Company.

4. *CPI Logistics*

Date:	18 December 2013
Parties:	(i) The Company (representing, including but not limited to Dabieshan Power Plant, Pingwei Power Plant, Pingwei Power Plant II, Pingwei Power Plant III, Wuhu Power Plant and CP Guorui, the subsidiaries of the Company, and Changshu Power Plant, an associate of the Company, individually the "Purchaser" or collectively the "Purchasers") (ii) CPI Logistics
Term:	1 January 2014 to 31 December 2016
Proposed annual cap:	For the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB450,000,000 each year.
Payment terms:	Settlement on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

Pursuant to the CPI Logistics Coal Supply Framework Agreement, CPI Logistics will supply coal to the Purchasers. The purchase price of coal shall be determined with reference to (i) the national industrial policy as well as industry and market conditions in the PRC; (ii) the current transacted coal prices of the local coal exchange or market in the PRC; (iii) the quality of the coal; (iv) the quantity of coal; and (v) the estimated transportation on fees involved for delivery of coal to the Purchasers.

As CPI Logistics is a wholly-owned subsidiary of SPIC, the Company's ultimate controlling company, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the CPI Logistics Coal Supply Framework Agreement constitute continuing connected transactions of the Company.

5. *Qinghe Electric Power*

Date:	20 November 2015
Parties:	(i) The Company (as the agent) (ii) Qinghe Electric Power (as the purchaser)
Term:	1 January 2015 to 31 December 2016
Proposed annual cap:	For the two financial years ending 31 December 2015 and 2016 will be RMB195,000,000 and RMB221,000,000 respectively.
Payment terms:	Settlement on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

Pursuant to the Qinghe Coal Supply Supplemental Agreement, the Company will procure and supply coal to Qinghe Electric Power. This agreement was terminated on 29 June 2016.

As Qinghe Electric Power is a wholly-owned subsidiary of CPI Holding, the Company's controlling company, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Qinghe Coal Supply Supplemental Agreement constitute continuing connected transactions of the Company.

(F) Financial Services Framework Agreement

Date:	27 April 2016
Parties:	(i) The Company
	(ii) CPI Financial
Term:	Three years commencing 7 June 2016
Proposed Daily Deposit Cap:	The maximum daily balance of deposit (including accrued interest) placed by the Group with CPI Financial shall not exceed RMB3 billion

CPI Financial has agreed to provide the Group with deposit services on a nonexclusive basis. The interest rate applicable to the Group for its deposits with CPI Financial will not be lower than (i) the benchmark interest rate specified by the PBOC for deposits of a similar type during the same period; (ii) the interest rate for deposits of a similar type offered by other major commercial banks in the PRC to the Group (at least two quotes obtained) during the same period; and (iii) the interest rate for deposits of a similar type placed by other members of the SPIC Group with CPI Financial during the same period.

In addition, for the Group's aggregate deposit in current account(s) of CPI Financial that exceeds RMB100,000, the applicable interest rate to the Group will be 20% higher than the benchmark interest rate for deposit agreements (協定存款基準利率) published by the PBOC from time to time.

Since CPI Financial is a subsidiary of SPIC and SPIC is the ultimate controlling company of the Company, the entering into the transactions in relation to the deposit services contemplated under the Financial Services Framework Agreement thus constitute continuing connected transactions of the Company under the Listing Rules.

The Company confirmed that all the above continuing connected transactions have been conducted in accordance with the specific pricing policies and guidelines of the aforesaid agreements as disclosed during the year under review.

RELATED PARTIES TRANSACTIONS

During the year 2016, those related party transactions listed under Note 42 to the Consolidated Financial Statements which were connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules include:

- (a)(iii) Management fee income from CPI Holding
- (a)(iv) Rental income from a fellow subsidiary
- (a)(iv) Sales of coal, coal by-products and spare parts to fellow subsidiaries
- (b)(i) Purchase of coal, coal by-products and spare parts from fellow subsidiaries, companies controlled by SPIC and non-controlling shareholders of subsidiaries
- (b)(ii) Construction costs and other services fees paid to companies controlled by SPIC and fellow subsidiaries
- (b)(iv) Operating lease rental expenses paid to SPIC and CPI Holding
- (b)(v) Purchases of unused power production quota from a company controlled by SPIC

In the opinion of the Directors, the Company has complied with the disclosure requirements in accordance with the relevant Listing Rules.

REVIEW BY AUDIT COMMITTEE MEMBERS AND AUDITOR

The independent non-executive Directors have reviewed the above continuing connected transactions during the year and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms and no less favourable than those available to or from independent third parties; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the Auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has reviewed these transactions and confirmed to the Board that nothing has come to their attention that causes them to believe that they have not been approved by the Board; that they were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; that they were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and that they have exceeded the caps in accordance with Rule 14A.56 of the Listing Rules.

The Company has complied with the requirements set out in Chapter 14A of the Listing Rules.

Save as disclosed above, no contracts of significance to which the Company, its subsidiaries, its holding companies, associates or joint ventures was a party subsisted at any time during the year or at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2016.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 69.55% of the Group's total purchases and purchases attributable to the Group's largest supplier accounted for approximately 47.37% of the Group's total purchases.

For the year ended 31 December 2016, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 88.08% of the Group's total turnover and turnover attributable to the Group's largest customer accounted for approximately 28.74% of the Group's total turnover.

At no time during the year did a Director, an associate of a Director and a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

PUBLIC FLOAT

As at the date of this annual report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being no less than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDITOR

The Consolidated Financial Statements have been audited by Deloitte Touche Tohmatsu who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
China Power International Development Limited

WANG Binghua
Chairman

Hong Kong, 23 March 2017

Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 93 to 196 which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-financial assets	
We identified the impairment assessment of non-financial assets as a key audit matter due to the significance in value of the non-financial assets to the Group as an integrated power generating corporation and the inherent subjectivity and complexity involved in impairment assessment of the non-financial assets by management. As disclosed in note 2.9 to the consolidated financial statements, for the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGUs") and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or at least annually for goodwill. Both the assessment of whether there is any impairment indication and impairment assessment by measuring the recoverable amount of the non-financial assets based on value in use calculation require significant management judgements and key estimates in preparing cash flow projections, including applying an appropriate discount rate as well as growth rate. As disclosed in note 3(i) to the consolidated financial statements, management has performed impairment assessment on non-financial assets by measuring the recoverable amount of the non-financial assets based on value in use calculation. For the year ended 31 December 2016, no impairment was recognized based on the impairment assessment performed by management.	Our audit procedures in relation to the impairment assessment of non-financial assets by management included: • evaluating the appropriateness of the classification of CGUs of the Group; and • challenging management's key assumptions and estimates used to determine the recoverable amounts of non-financial assets in the CGU with impairment indication, which included: o validating the discount rates adopted; o analyzing the underlying projected cash flows used in the value in use calculation to determine whether the assumptions applied, such as the revenue growth arising from the increment of power generation, are reasonable and supportable given external benchmarks and expected future performance of that CGU; o comparing the underlying projected cash flows against historical performance to test the accuracy of management's projections; and o evaluating the sensitivity analysis on key assumptions adopted in the value in use calculation.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of the provisions for compensation for inundation	
We identified the valuation of the provisions for compensation for inundation caused by the construction of two hydropower plants of the Group, namely the Baishi Power Plant and Tuokou Power Plant, in accordance with the rules and regulations set out by the relevant local government authorities in the People's Republic of China ("Inundation Compensation") as a key audit matter due to the inherent level of subjective judgements and estimates required by management in assessing the provision amounts at the end of the reporting period. The Group engaged an independent professional valuer in determining the valuation of such provisions. As at 31 December 2016, the Group's provisions for the Inundation Compensation amounting to RMB1,164.4 million with an additional provision of RMB157.2 million added to the cost of property, plant and equipment and interest expenses due to the passage of time of RMB87.1 million recognized as expenses in the consolidated income statement for the year then ended. As disclosed in notes 2.21 and 35 to the consolidated financial statements, the provision is measured at the present value of the expenditure expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. In determining the best estimate of the provisions for the Inundation Compensation, management is required to make subjective assumptions and judgements, including estimating the timing and duration of the compensation payments, the compensation per unit of area and its growth rate, as well as the pre-tax discount rate applied to account for time value of money and the risks specific to the compensation. Any inappropriate assumptions or judgements applied would result in different provision amounts that would potentially significantly affect the profit or loss and financial position of the Group.	Our audit procedures in relation to the valuation of the provisions for the Inundation Compensation included: • obtaining the discounted cash flow schedule in relation to the estimation of the provisions for the Inundation Compensation from management, reconciling the key input to supporting evidence and checking the arithmetical accuracy of the calculations in the schedule; • evaluating the competence, capabilities and objectivity of management's expert who was engaged in the valuation of the provisions for the Inundation Compensation; and evaluating the appropriateness of that expert's work as audit evidence for the valuation of such provision; • challenging the appropriateness of key assumptions made by management in determining the provisions for the Inundation Compensation, including the timing and duration of the compensation payments, the compensation per unit of area and its growth rate, as well as the discount rate applied; • comparing the forecast prepared by management in prior year against the actual cash compensation made during the year to assess the accuracy of management's estimates; and • obtaining an understanding of the latest updates of the relevant local rules and regulations to assess whether the expected cash outflow for the provisions for Inundation Compensation has taken into account the latest regulatory requirements and adjusted to reflect the current best estimate.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is YU Kin Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2017

Consolidated Income Statement

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Revenue	4	**18,866,153**	20,196,670
Other income	5	**530,886**	551,873
Fuel costs		**(6,526,910)**	(6,141,811)
Depreciation		**(3,282,133)**	(3,033,403)
Staff costs	6	**(1,895,093)**	(1,931,765)
Repairs and maintenance		**(720,190)**	(630,500)
Consumables		**(265,612)**	(308,581)
Other gains and losses, net	7	**385,944**	856,593
Other operating expenses		**(1,742,467)**	(1,697,287)
Operating profit	8	**5,350,578**	7,861,789
Finance income	9	**21,005**	42,866
Finance costs	9	**(2,067,966)**	(2,238,296)
Share of profits of associates		**540,353**	740,551
Share of profits of joint ventures		**150,158**	146,114
Profit before taxation		**3,994,128**	6,553,024
Income tax expense	10	**(738,641)**	(1,223,426)
Profit for the year		**3,255,487**	5,329,598
Attributable to:			
Owners of the Company		**2,365,868**	4,149,018
Non-controlling interests		**889,619**	1,180,580
		3,255,487	5,329,598
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic	11	**0.32**	0.58
— Diluted	11	**0.32**	0.56

Details of the dividends payable to owners of the Company attributable to the profit for the year are set out in Note 12.

The notes on pages 100 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit for the year	**3,255,487**	5,329,598
Other comprehensive (expense)/income that may be subsequently reclassified to profit or loss:		
— Fair value (loss)/gain on available-for-sale financial assets, net of tax	**(702,970)**	2,648,487
— Release on disposal of available-for-sale financial assets, net of tax	**–**	(881,395)
Total comprehensive income for the year	**2,552,517**	7,096,690
Attributable to:		
Owners of the Company	**1,662,898**	5,916,110
Non-controlling interests	**889,619**	1,180,580
Total comprehensive income for the year	**2,552,517**	7,096,690

The notes on pages 100 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**70,886,660**	68,130,725
Prepayments for construction of power plants	15	**2,809,393**	1,412,492
Prepaid lease payments	16	**883,505**	714,870
Goodwill	17	**835,165**	835,165
Interests in associates	18	**3,029,930**	2,950,049
Interests in joint ventures	19	**560,744**	555,253
Available-for-sale financial assets	20	**4,585,809**	5,502,373
Deferred income tax assets	21	**244,137**	158,213
Derivative financial instruments	22	**–**	202,840
Restricted deposits	23	**7,200**	330,032
Other non-current assets	24	**501,198**	241,548
		84,343,741	81,033,560
Current assets			
Inventories	25	**410,692**	319,101
Prepaid lease payments	16	**19,736**	16,053
Accounts receivable	26	**2,345,994**	2,637,936
Prepayments, deposits and other receivables		**804,590**	620,202
Amounts due from related parties	27	**730,005**	77,525
Tax recoverable		**76,723**	3,909
Derivative financial instruments	22	**308,471**	–
Restricted deposits	23	**337,794**	6,809
Cash and cash equivalents	28	**1,809,415**	1,528,017
		6,843,420	5,209,552
Total assets		**91,187,161**	86,243,112
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	29	**13,534,145**	13,534,145
Reserves	30	**13,732,848**	13,786,383
		27,266,993	27,320,528
Non-controlling interests	43	**7,327,841**	6,905,271
Total equity		**34,594,834**	34,225,799

The notes on pages 100 to 196 are an integral part of these consolidated financial statements.

As at 31 December 2016

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		**82,140**	42,889
Bank borrowings	31	**24,704,030**	25,979,727
Borrowings from related parties	32	**4,962,711**	2,303,511
Other borrowings	33	**998,514**	2,997,530
Obligations under finance leases	34	**751,034**	1,180,095
Deferred income tax liabilities	21	**1,792,623**	1,968,569
Provisions for other long-term liabilities	35	**1,030,125**	906,339
		34,321,177	35,378,660
Current liabilities			
Accounts and bills payables	36	**967,149**	619,245
Construction costs payable		**2,708,739**	3,409,170
Other payables and accrued charges	37	**1,254,293**	1,253,340
Amounts due to related parties	27	**844,639**	692,782
Bank borrowings	31	**8,806,380**	6,862,469
Borrowings from related parties	32	**500,800**	713,800
Other borrowings	33	**6,581,100**	2,448,080
Current portion of obligations under finance leases	34	**430,281**	202,573
Taxation payable		**177,769**	437,194
		22,271,150	16,638,653
Total liabilities		**56,592,327**	52,017,313
Total equity and liabilities		**91,187,161**	86,243,112
Net current liabilities		**15,427,730**	11,429,101
Total assets less current liabilities		**68,916,011**	69,604,459

The consolidated financial statements on pages 93 to 196 were approved and authorized for issue by the Board on 23 March 2017 and are signed on its behalf by:

YU Bing
Director

WANG Zichao
Director

The notes on pages 100 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to owners of the Company					
	Share capital (Note 29(a)) RMB'000	Other reserves (Note 30) RMB'000	Retained earnings (Note 30(d)) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	13,534,145	6,515,242	7,271,141	27,320,528	6,905,271	34,225,799
Profit for the year	–	–	2,365,868	2,365,868	889,619	3,255,487
Other comprehensive (expense)/income:						
Fair value loss on available-for-sale financial assets	–	(937,294)	–	(937,294)	–	(937,294)
Deferred tax on fair value loss on available-for-sale financial assets (Note 21)	–	234,324	–	234,324	–	234,324
Total comprehensive income for the year	–	(702,970)	2,365,868	1,662,898	889,619	2,552,517
Transfer to statutory reserves	–	214,126	(214,126)	–	–	–
Lapse of share options	–	(4,354)	4,354	–	–	–
Contributions from non-controlling shareholders of subsidiaries	–	–	–	–	170,000	170,000
Dividends recognized as distributions to non-controlling shareholders of subsidiaries	–	–	–	–	(637,049)	(637,049)
Share of reserves of an associate	–	(10,035)	–	(10,035)	–	(10,035)
2015 final dividend	–	–	(1,706,398)	(1,706,398)	–	(1,706,398)
Total transactions recognized directly in equity	–	199,737	(1,916,170)	(1,716,433)	(467,049)	(2,183,482)
At 31 December 2016	13,534,145	6,012,009	7,720,839	27,266,993	7,327,841	34,594,834

The notes on pages 100 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to owners of the Company					
	Share capital (Note 29(a)) RMB'000	Other reserves (Note 30) RMB'000	Retained earnings (Note 30(d)) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	12,730,145	4,720,843	4,412,781	21,863,769	5,385,992	27,249,761
Profit for the year	–	–	4,149,018	4,149,018	1,180,580	5,329,598
Other comprehensive income/(expense):						
Fair value gain on available-for-sale financial assets	–	3,527,087	–	3,527,087	–	3,527,087
Deferred tax on fair value gain on available-for-sale financial assets (Note 21)	–	(878,600)	–	(878,600)	–	(878,600)
Release on disposal of available-for-sale financial assets	–	(1,175,193)	–	(1,175,193)	–	(1,175,193)
Release of deferred tax upon disposal of available-for-sale financial assets (Note 21)	–	293,798	–	293,798	–	293,798
Total comprehensive income for the year	–	1,767,092	4,149,018	5,916,110	1,180,580	7,096,690
Transfer to statutory reserves	–	115,810	(115,810)	–	–	–
Lapse of share options	–	(1,971)	1,971	–	–	–
Issue of new shares upon conversion of convertible bonds	804,000	(104,547)	42,184	741,637	–	741,637
Contributions from non-controlling shareholders of subsidiaries	–	12,299	–	12,299	599,603	611,902
Acquisition of non-controlling interests	–	5,716	–	5,716	(43,043)	(37,327)
Dividends recognized as distributions to non-controlling shareholders of subsidiaries	–	–	–	–	(217,861)	(217,861)
2014 final dividend	–	–	(1,219,003)	(1,219,003)	–	(1,219,003)
Total transactions recognized directly in equity	804,000	27,307	(1,290,658)	(459,351)	338,699	(120,652)
At 31 December 2015	13,534,145	6,515,242	7,271,141	27,320,528	6,905,271	34,225,799

The notes on pages 100 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Cash generated from operations	38(a)	**9,027,501**	10,531,246
Interest paid		**(1,815,862)**	(2,327,619)
PRC income tax paid		**(1,094,790)**	(1,261,681)
Net cash generated from operating activities		**6,116,849**	6,941,946
Cash flows from investing activities			
Payments for property, plant and equipment and prepayments for construction of power plants		**(8,570,610)**	(5,436,038)
Payments for prepaid lease payments		**(190,921)**	(30,719)
Proceeds from disposal of property, plant and equipment and prepaid lease payments		**134,000**	115,369
Proceeds from disposal of available-for-sale financial assets		**–**	1,330,494
Acquisition of a subsidiary	39	**(114,629)**	–
Acquisition of an associate	18	**(198,385)**	–
Capital injections to associates		**(80,000)**	(121,800)
(Advances to)/repayment from an associate		**(400,000)**	150,000
Dividends received		**969,032**	793,007
Interest received		**21,005**	42,866
Net (increase)/decrease in restricted deposits		**(8,153)**	4,512
Net cash used in investing activities		**(8,438,661)**	(3,152,309)
Cash flows from financing activities			
Drawdown of bank borrowings	38(b)	**17,026,831**	11,415,483
Drawdown of borrowings from related parties	38(b)	**3,782,000**	1,093,295
Proceeds from issue of short-term debentures and commercial paper	38(b)	**2,500,000**	500,000
Contributions from non-controlling shareholders of subsidiaries	38(b)	**170,000**	611,902
Repayment of bank borrowings	38(b)	**(16,401,938)**	(12,142,030)
Repayment of borrowings from related parties	38(b)	**(1,335,800)**	(1,931,095)
Repayment of other borrowings	38(b)	**(500,000)**	(1,300,000)
Payments for obligations under finance leases	38(b)	**(271,970)**	(161,491)
Acquisition of non-controlling interests		**–**	(37,327)
Dividend paid	12	**(1,706,398)**	(1,219,003)
Dividends paid to non-controlling shareholders of subsidiaries		**(637,049)**	(217,861)
Net cash generated from/(used in) financing activities		**2,625,676**	(3,388,127)
Net increase in cash and cash equivalents		**303,864**	401,510
Cash and cash equivalents at 1 January		**1,528,017**	1,126,917
Exchange losses, net		**(22,466)**	(410)
Cash and cash equivalents at 31 December	28	**1,809,415**	1,528,017

The notes on pages 100 to 196 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

China Power International Development Limited (the "Company") was incorporated in Hong Kong on 24 March 2004 as a limited liability company under the Hong Kong Companies Ordinance. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in investment holdings, generation and sales of electricity and the development of power plants in The People's Republic of China (the "PRC").

The Group is controlled by China Power International Holding Limited ("CPIH"), an intermediate holding company which directly holds the Company's shares and also indirectly holds through China Power Development Limited ("CPDL"), a wholly-owned subsidiary of CPIH.

The directors of the Company (the "Directors") regarded State Power Investment Corporation (國家電力投資集團公司) ("SPIC"), a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPIH, as the ultimate holding company.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and have been approved by the board of Directors (the "Board") on 23 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2016:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 16 and 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

Amendments to HKAS 1 "Disclosure Initiative"

The Group has applied the amendments to Hong Kong Accounting Standard ("HKAS") 1 "Disclosure Initiative" for the first time in the first year. The amendments to HKAS 1 clarify that an entity need not to provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance. As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

Other than certain presentation and disclosure changes on the ordering of notes and information on financial risk management to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and position as a result of adoption of HKAS 1, the adoption of the above amendments to standards does not have any significant impact on the financial performance and financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

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

The following new standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and related Amendments[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 "Financial Instruments"

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognized financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

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

HKFRS 9 "Financial Instruments" (Continued)

Key requirements of HKFRS 9 *(Continued)*:

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have certain impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale financial assets, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfilment of the designation criteria). The Directors considered that it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

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

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Based on the Group's current business practices and financial position as at 31 December 2016, the Directors do not anticipate that the application of HKFRS 15 in the future will have a material impact on the results and financial position of the Group but may result in more disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

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

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating leases payments are presented as operating cash flows. Under the HKFRS 16, leases payments in relation to lease liability will be allocated to a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognized an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use asset separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 and continues to require a lessor to classify a lease either as an operating lease or finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB258,558,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16 and may result in changes in measurement, presentation and disclosure as indicated above. The Directors anticipate that the application of HKFRS 16 does not have significant impact to the Group.

The Group is in the process of making an assessment of the impact of the other new standards and amendments to standards and it is not yet in a position to state whether any substantial financial impact will be resulted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

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

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

(ii) Changes in ownership interests in existing subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(iv) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at their respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation *(Continued)*

(b) Associates *(Continued)*

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interests in associates are recognized in the income statement.

(c) Joint ventures

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance costs". All other exchange gains and losses are presented in the income statement within "other gains and losses, net".

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the "Available-for-sale financial assets reserve" in equity.

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less accumulated depreciation and impairment losses. Cost includes purchase price of the asset, costs transferred from construction in progress and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Dam	30–50 years
Buildings	8–45 years
Leasehold improvements	Shorter of 5 years and over the lease term
Power generators and equipment	9–28 years
Electricity supply equipment	13–30 years
Furniture and fixtures	3–5 years
Tools and other equipment	3–18 years
Transportation facilities	2–12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9). Such impairment losses are recognized in the income statement.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognized in the income statement.

2.5 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs of disposal.

When the sales of the non-current assets classified as held for sale are no longer highly probable, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of: (a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset not been classified as held for sale, and (b) its recoverable amount at the date of the subsequent decision not to sell.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Non-current assets held for sale *(Continued)*

The Group includes any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in profit or loss in the period in which the sales of such non-current assets are no longer highly probable.

2.6 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.4 above.

2.7 Prepaid lease payments

Prepaid lease payments are stated at cost less accumulated amortization and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period of 23 to 69 years from the date the respective right was granted. Amortization of prepaid lease payments is calculated on a straight-line basis over the periods of the leases.

2.8 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at acquisition date.

For the purpose of impairment assessment, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment assessments are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortization/depreciation and are at least assessed annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGUs"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of the Group's financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's loans and receivables include accounts and other receivables, deposits, amounts due from related parties and deposits at banks and CPI Financial Company Limited ("CPIF").

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets *(Continued)*

Regular way purchases and sales of financial assets are recognized on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "other gains and losses, net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement within "other gains and losses, net".

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. However, if the range of reasonable fair value estimate is significant and the probabilities of the various estimate cannot be reasonably assessed, such financial assets are carried at cost less accumulated impairment losses.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets *(Continued)*

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

2.11 Impairment of financial assets

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

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

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is a designated and effective hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.13 Inventories

Inventories comprise coal, oil, consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realizable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used/consumed, or capitalized to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2.14 Accounts and other receivables

Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment. If collection of accounts and other receivables is expected in 1 year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of 3 months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

2.16 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Accounts and other payables (including construction costs payable and amounts due to related parties) are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Convertible bonds

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair values.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a compound financial instrument is classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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

(b) Deferred income tax

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax *(Continued)*

(c) Offsetting

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

2.20 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of Hong Kong dollars ("HK$") 1,500 per month as a mandatory contribution. Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers. The Group has no future payment obligation once the contributions have been paid.

For employees in Mainland China, the Group contributes on a monthly basis to various defined contribution plans organized by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for any post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits *(Continued)*

(c) Share-based compensation expense

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted including any market performance conditions (for example, an entity's share price); excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, forfeiture rate and remaining an employee of the entity over a specific period of time), and including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

2.21 Provisions

Provisions (including environmental restoration provisions) are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Government grants

Grants and subsidies from the government are recognized at their fair values where there is a reasonable assurance that the grant or subsidy will be received and the Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets and projects.

2.23 Finance lease

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

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in short-term and long-term finance lease obligations. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.24 Operating lease

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

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors and certain senior management that make strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax ("VAT") and discounts and after eliminating sales within the Group.

The Group recognizes revenue and income when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(i) Sales of electricity and income from provision of power generation and related services are recognized when electricity is generated and transmitted.

(ii) Sales of unused power production quota are recognized when contracts are executed by the counterparties.

(iii) Sales of emission quota are recognized when the registration of change of title has been completed.

(iv) Hotel operations income from room rentals, food and beverages sales, and other ancillary services are recognized upon the provision of the relevant goods and services.

(v) Management fee income is recognized when services are rendered.

(vi) Income from provision of IT and other services is recognized when services are rendered.

(vii) Dividend income is recognized when the Group's right to receive payments is established.

(viii) Interest income is recognized on a time-proportion basis using the effective interest method.

(ix) Operating lease rental income is recognized on a straight-line basis over the lease periods.

(x) Profits on trading of coal, coal by-products and spare parts are recognized when the goods are delivered to the customers.

(xi) Income from provision of repairs and maintenance services is recognized when services are rendered.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors as appropriate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) Impairment of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on higher of value in use calculations and fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment assessment and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

For the year ended 31 December 2016, management has performed impairment assessment on non-financial assets. Discount rate of 8% has been used in the value in use calculation. No impairment is resulted based on the impairment assessment performed by management.

For the year ended 31 December 2015, pursuant to the relevant state policy of energy saving and environmental protection then issued, certain power generators and equipment, as well as certain buildings in coal-fired power plants, which belong to the "Generation and sales of coal-fired electricity" segment, were subjected to pollutant-reduction-related upgrades and were expected to be dismantled in 2016. The aforesaid assets were stated at its recoverable amounts which were assessed by management of the Group, and accordingly management had made a provision for impairment of property, plant and equipment of RMB291,701,000 which was charged to the consolidated income statement as other losses.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Provisions for Inundation Compensation

The Group made provisions in relation to compensations for inundation caused by the construction of two hydropower plants of the Group, namely the Baishi Power Plant and Tuokou Power Plant ("Inundation Compensation"). The provision is measured at the present value of the expenditure expected to be required to settle the compensation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the compensation.

In determining the best estimate of the provisions for the Inundation Compensation, management is required to make subjective assumptions and judgements, including estimating the timing and duration of the compensation payments, the compensation per unit of area and its growth rate as well as the pre-tax discount rate applied to account for time value of money and the risks specific to the compensation. Any inappropriate assumptions or judgements applied would result in different provision amounts that would potentially significantly affect the profit or loss and financial position of the Group.

As at 31 December 2016, the provisions for Inundation Compensation was RMB1,164,355,000 (2015: RMB1,024,921,000). For the year ended 31 December 2016, management has reviewed and performed assessment on such provision and an additional provision of RMB157,243,000 (2015: RMB20,206,000) was provided to the cost of property, plant and equipment in the consolidated statement of financial position to reflect the current best estimate (Note 14(f) and Note 35).

(iii) Current and deferred income tax expenses

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation amount in the period in which such estimate is changed.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(iv) Useful lives, residual values and depreciation charges of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation charges in the future periods. As at 31 December 2016, the carrying amount of property, plant and equipment, other than construction in progress is RMB64,890,340,000 (2015: RMB64,097,084,000).

4. TURNOVER, REVENUE AND SEGMENT INFORMATION

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

	2016 **RMB'000**	2015 RMB'000
Sales of electricity to regional and provincial power grid companies (note (a))	**18,829,067**	20,173,845
Provision of power generation and related services (note (b))	**37,086**	22,825
	18,866,153	20,196,670

Notes:

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the PRC.

(b) Provision of power generation and related services represents income from the provision of power generation and related services to other power plants and power grid companies in the PRC which are calculated based on mutually agreed terms.

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

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

Currently, it is determined that the "Generation and sales of coal-fired electricity" and the "Generation and sales of hydropower electricity" in the PRC are the reportable segments of the Group meeting the quantitative thresholds required by HKFRS 8.

During the year ended 31 December 2016, management has concluded since 2016, both the "Generation and sales of wind power electricity" and the "Generation and sales of photovoltaic power electricity" are renewable energy which can be reported as a new segment, namely "Generation and sales of wind and photovoltaic power electricity", which is closely monitored by the CODM as a potential growth business and is expected to gradually increase its contribution to the Group's results in the future. The comparative figures have been restated to reflect such change.

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

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

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

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2016					
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind and photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue						
Sales of electricity	13,022,517	5,394,992	411,558	18,829,067	–	18,829,067
Provision of power generation and related services	34,506	–	2,580	37,086	–	37,086
	13,057,023	5,394,992	414,138	18,866,153	–	18,866,153
Segment results	1,754,555	3,530,705	105,951	5,391,211	–	5,391,211
Unallocated income	–	–	–	–	304,613	304,613
Unallocated expenses	–	–	–	–	(345,246)	(345,246)
Operating profit/(loss)	1,754,555	3,530,705	105,951	5,391,211	(40,633)	5,350,578
Finance income	2,434	2,644	550	5,628	15,377	21,005
Finance costs	(726,140)	(1,097,120)	(39,963)	(1,863,223)	(204,743)	(2,067,966)
Share of profits of associates	515,398	–	2,226	517,624	22,729	540,353
Share of profits/(losses) of joint ventures	150,230	–	–	150,230	(72)	150,158
Profit/(loss) before taxation	1,696,477	2,436,229	68,764	4,201,470	(207,342)	3,994,128
Income tax (expense)/credit	(168,499)	(546,098)	2,355	(712,242)	(26,399)	(738,641)
Profit/(loss) for the year	1,527,978	1,890,131	71,119	3,489,228	(233,741)	3,255,487
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital expenditure						
— Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	3,613,547	636,133	3,327,321	7,577,001	53,699	7,630,700
Depreciation of property, plant and equipment	1,914,115	1,192,066	165,519	3,271,700	10,433	3,282,133
Amortization of prepaid lease payments	10,310	5,785	441	16,536	1,451	17,987
Loss on disposal of property, plant and equipment, net	5,709	3,600	–	9,309	49	9,358

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 31 December 2016					
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind and photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets						
Other segment assets	37,111,227	35,496,057	7,597,493	80,204,777	–	80,204,777
Goodwill	67,712	767,453	–	835,165	–	835,165
Interests in associates	2,641,697	–	2,227	2,643,924	386,006	3,029,930
Interests in joint ventures	490,257	–	–	490,257	70,487	560,744
	40,310,893	36,263,510	7,599,720	84,174,123	456,493	84,630,616
Available-for-sale financial assets	–	–	–	–	4,585,809	4,585,809
Deferred income tax assets	–	–	–	–	244,137	244,137
Derivative financial instruments	–	–	–	–	308,471	308,471
Other unallocated assets	–	–	–	–	1,418,128	1,418,128
Total assets per consolidated statement of financial position	40,310,893	36,263,510	7,599,720	84,174,123	7,013,038	91,187,161
Segment liabilities						
Other segment liabilities	(4,556,939)	(2,321,165)	(662,838)	(7,540,942)	–	(7,540,942)
Borrowings	(18,632,782)	(21,962,678)	(3,336,475)	(43,931,935)	(2,621,600)	(46,553,535)
	(23,189,721)	(24,283,843)	(3,999,313)	(51,472,877)	(2,621,600)	(54,094,477)
Deferred income tax liabilities	–	–	–	–	(1,792,623)	(1,792,623)
Taxation payable	–	–	–	–	(177,769)	(177,769)
Other unallocated liabilities	–	–	–	–	(527,458)	(527,458)
Total liabilities per consolidated statement of financial position	(23,189,721)	(24,283,843)	(3,999,313)	(51,472,877)	(5,119,450)	(56,592,327)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2015 (restated)					
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind and photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue						
Sales of electricity	14,483,727	5,537,358	152,760	20,173,845	–	20,173,845
Provision of power generation and related services	22,825	–	–	22,825	–	22,825
	14,506,552	5,537,358	152,760	20,196,670	–	20,196,670
Segment results	3,359,057	3,587,018	9,874	6,955,949	–	6,955,949
Unallocated income	–	–	–	–	1,444,503	1,444,503
Unallocated expenses	–	–	–	–	(538,663)	(538,663)
Operating profit	3,359,057	3,587,018	9,874	6,955,949	905,840	7,861,789
Finance income	6,583	13,878	354	20,815	22,051	42,866
Finance costs	(607,338)	(1,276,188)	(8,127)	(1,891,653)	(346,643)	(2,238,296)
Share of profits of associates	732,584	–	–	732,584	7,967	740,551
Share of profits/(losses) of joint ventures	162,137	–	–	162,137	(16,023)	146,114
Profit before taxation	3,653,023	2,324,708	2,101	5,979,832	573,192	6,553,024
Income tax (expense)/credit	(553,796)	(378,366)	10,796	(921,366)	(302,060)	(1,223,426)
Profit for the year	3,099,227	1,946,342	12,897	5,058,466	271,132	5,329,598
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital expenditure						
— Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	3,187,752	384,611	1,906,832	5,479,195	1,276	5,480,471
Depreciation of property, plant and equipment	1,745,360	1,218,096	60,689	3,024,145	9,258	3,033,403
Amortization of prepaid lease payments	9,204	5,405	25	14,634	1,406	16,040
Loss on disposal of property, plant and equipment, net	196,567	83	–	196,650	–	196,650
Impairment of property, plant and equipment	291,701	32,576	–	324,277	–	324,277
Impairment of interest in a joint venture	–	–	–	–	156,370	156,370
Impairment of inventories	7,075	–	–	7,075	–	7,075

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 31 December 2015 (restated)					
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind and photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets						
Other segment assets	34,637,561	36,536,296	3,645,344	74,819,201	–	74,819,201
Goodwill	67,712	767,453	–	835,165	–	835,165
Interests in associates	2,851,030	–	–	2,851,030	99,019	2,950,049
Interests in joint ventures	484,693	–	–	484,693	70,560	555,253
	38,040,996	37,303,749	3,645,344	78,990,089	169,579	79,159,668
Available-for-sale financial assets	–	–	–	–	5,502,373	5,502,373
Deferred income tax assets	–	–	–	–	158,213	158,213
Derivative financial instruments	–	–	–	–	202,840	202,840
Other unallocated assets	–	–	–	–	1,220,018	1,220,018
Total assets per consolidated statement of financial position	38,040,996	37,303,749	3,645,344	78,990,089	7,253,023	86,243,112
Segment liabilities						
Other segment liabilities	(4,522,162)	(2,910,072)	(443,797)	(7,876,031)	–	(7,876,031)
Borrowings	(11,818,350)	(22,546,892)	(1,209,795)	(35,575,037)	(5,730,080)	(41,305,117)
	(16,340,512)	(25,456,964)	(1,653,592)	(43,451,068)	(5,730,080)	(49,181,148)
Deferred income tax liabilities	–	–	–	–	(1,968,569)	(1,968,569)
Taxation payable	–	–	–	–	(437,194)	(437,194)
Other unallocated liabilities	–	–	–	–	(430,402)	(430,402)
Total liabilities per consolidated statement of financial position	(16,340,512)	(25,456,964)	(1,653,592)	(43,451,068)	(8,566,245)	(52,017,313)

All revenue from external customers are generated from the PRC. Except that certain cash and bank balances equivalent to RMB265,355,000 were deposited in certain banks in Hong Kong as at 31 December 2016 (2015: RMB397,027,000), substantially all of the Group's assets, liabilities and capital expenditure are located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. For the year ended 31 December 2016, the Group's external revenue amounting to RMB15,031,224,000 (2015: RMB15,583,354,000) was generated from 4 (2015: 4) major customers, each of which accounted for 10% or more of the Group's external revenue.

5. OTHER INCOME

	2016 **RMB'000**	2015 RMB'000
Rental income	**61,326**	71,158
Hotel operations income	**33,313**	35,116
Income from provision of repairs and maintenance services	**77,762**	57,656
Dividend income (Note 42(a)(ii))	**95,543**	95,343
Management fee income (Note 42(a)(iii))	**5,888**	10,304
Income from provision of IT and other services	**26,716**	30,706
VAT refund (note)	**216,727**	237,601
Compensation income	**13,611**	13,989
	530,886	551,873

Note:

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

6. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2016 **RMB'000**	2015 RMB'000
Wages, salaries and bonuses	**1,189,718**	1,283,059
Staff welfare	**438,333**	416,287
Pension costs — defined contribution plans	**267,042**	232,419
	1,895,093	1,931,765

7. OTHER GAINS AND LOSSES, NET

	2016 RMB'000	2015 RMB'000
Amortization of deferred income	**10,958**	2,317
Government subsidies (note)	**23,268**	190,189
Gain on disposal of emission quota	**–**	4,143
Loss on disposal of property, plant and equipment, net	**(9,358)**	(196,650)
Gain on disposal of available-for-sale financial assets (Note 20)	**–**	1,175,193
Fair value gain on derivative financial instruments (Note 22)	**105,631**	61,083
Sales of unused power production quota	**175,747**	55,731
Impairment of property, plant and equipment (Note 14)	**–**	(324,277)
Impairment of interest in a joint venture (Note 19)	**–**	(156,370)
Profits on trading of coal, coal by-products and spare parts	**46,215**	36,212
Others	**33,483**	9,022
	385,944	856,593

Note:

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

8. OPERATING PROFIT

Operating profit is stated after charging the following:

	2016 RMB'000	2015 RMB'000
Amortization of prepaid lease payments	**17,987**	16,040
Auditor's remuneration	**6,459**	6,459
Research and development expenses	**16,493**	5,772
Depreciation of property, plant and equipment (Note 14)		
— owned property, plant and equipment	**3,196,121**	2,957,006
— property, plant and equipment under finance leases	**86,012**	76,397
Operating lease rental expenses in respect of		
— equipment	**9,637**	7,061
— leasehold land and buildings	**50,623**	44,307
Impairment of inventories	**–**	7,075
Reservoir maintenance and usage fees	**138,146**	141,996
Cost of purchase of unused power production quota	**101,128**	105,471

9. FINANCE INCOME AND FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Finance income		
Interest income from bank deposits	**15,455**	39,888
Interest income from CPIF (Note 42(a)(i))	**859**	78
Interest income from a fellow subsidiary (Note 42(a)(i))	**89**	–
Interest income from an associate (Note 42(a)(i))	**4,602**	2,900
	21,005	42,866
Finance costs		
Interest expense on		
— bank borrowings	**1,458,488**	1,786,222
— long-term borrowings from related parties	**196,793**	164,701
— short-term borrowings from related parties	**16,753**	19,714
— long-term other borrowings	**149,239**	188,233
— short-term other borrowings	**52,823**	10,754
— amounts due to CPIH	**1,894**	2,923
— obligations under finance leases	**70,617**	72,518
— provisions for other long-term liabilities (Note 35)	**87,090**	85,136
	2,033,697	2,330,201
Less: amounts capitalized	**(164,538)**	(222,162)
	1,869,159	2,108,039
Exchange losses, net	**198,807**	130,257
	2,067,966	2,238,296

The weighted average interest rate on capitalized borrowings is 4.53% (2015: 5.37%) per annum.

10. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profits in Hong Kong for the years ended 31 December 2016 and 2015.

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2015: 25%) on the estimated assessable profits for the year except as disclosed below.

The amount of income tax recognized in the consolidated income statement represents:

	2016 RMB'000	2015 RMB'000
PRC current income tax		
Charge for the year	**763,639**	1,244,801
Under provision in prior year	**2,548**	1,082
	766,187	1,245,883
Deferred income tax		
Credit for the year (Note 21)	**(27,546)**	(22,457)
	738,641	1,223,426

The income tax expense on the Group's profit before taxation differs from the theoretical amount that would arise using the income tax rate of the PRC as follows:

	2016 RMB'000	2015 RMB'000
Profit before taxation	**3,994,128**	6,553,024
Less: Share of profits of associates	**(540,353)**	(740,551)
Share of profits of joint ventures	**(150,158)**	(146,114)
	3,303,617	5,666,359
Calculated at the PRC statutory tax rate of 25% (2015: 25%)	**825,904**	1,416,590
Effect of tax concession	**(88,604)**	(29,714)
Income not subject to taxation	**(24,419)**	(17,915)
Expenses not deductible for taxation purpose	**22,399**	23,595
Reduction of tax in respect of investment tax credits ("Tax Credits")	**(1,410)**	(23,449)
Tax losses for which no deferred income tax asset was recognized (Note 21)	**89,826**	27,017
Temporary difference for which no deferred income tax asset was recognized (Note 21)	**476**	56,485
Utilization of tax losses previously not recognized (Note 21)	**(45,230)**	(185,950)
Utilization of temporary difference previously not recognized (Note 21)	**(27,783)**	(40,686)
Under provision in prior year	**2,548**	1,082
Others	**(15,066)**	(3,629)
Income tax expense	**738,641**	1,223,426

10. INCOME TAX EXPENSE (CONTINUED)

The PRC current income tax charge for the year ended 31 December 2015 included the related taxation charge arising from the gain on disposal of shares of Shanghai Electric Power Co., Ltd. ("Shanghai Power") of RMB279,964,000 (Note 20).

Share of taxation charge attributable to associates and joint ventures for the year ended 31 December 2016 of RMB181,165,000 (2015: RMB238,781,000) and RMB44,841,000 (2015: RMB54,263,000) respectively were included in the Group's share of profits of associates/joint ventures.

For the year ended 31 December 2016, certain subsidiaries of the Group, were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rates of 7.5%, 12.5% or 15% (2015: 12.5%).

As at 31 December 2016, two subsidiaries of the Group had Tax Credits with an accumulated amount of RMB189,308,000 (2015: RMB189,308,000) of which RMB103,983,000 (2015: RMB102,573,000) were utilized against their income tax charges since the granting of such Tax Credits. The Tax Credits are calculated based on 10% of the purchase price of specific environmental friendly, water- and energy-saving, safety enhanced facilities used in the Group's coal-fired power business. The Tax Credits are recognized as a reduction of current income tax when they are realized. The portion of Tax Credits that has not been utilized can be carried forward over a period of no more than five years.

11. EARNINGS PER SHARE

(a) Basic

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

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**2,365,868**	4,149,018
Weighted average number of shares in issue (shares in thousands)	**7,355,165**	7,205,454
Basic earnings per share (RMB)	**0.32**	0.58

11. EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume exercise or conversion of all dilutive potential ordinary shares arising from the Company's share options and convertible bonds.

For the years ended 31 December 2016 and 2015, the Company has share options that are dilutive potential ordinary shares, and a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 December 2015, the Company had convertible bonds that were dilutive potential ordinary shares. The convertible bonds were assumed to have been converted into ordinary shares, and the profit attributable to owners of the Company was adjusted to eliminate the interest expense less the tax effect.

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**2,365,868**	4,149,018
Adjustment for finance costs on convertible bonds (after tax) (RMB'000)	**–**	9,433
Profit used to determine diluted earnings per share (RMB'000)	**2,365,868**	4,158,451
Weighted average number of shares in issue (shares in thousands)	**7,355,165**	7,205,454
Adjustment for share options (shares in thousands)	**4,319**	11,602
Adjustment for convertible bonds (shares in thousands)	**–**	147,185
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	**7,359,484**	7,364,241
Diluted earnings per share (RMB)	**0.32**	0.56

12. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Final, proposed, dividend of RMB0.160 (2015: RMB0.232) per ordinary share	**1,176,826**	1,706,398
2015 final dividend paid —RMB0.232 (equivalent to HK$0.2770) per ordinary share	**1,706,398**	–
2014 final dividend paid — RMB0.168 (equivalent to HK$0.2119) per ordinary share	**–**	1,219,003
	1,706,398	1,219,003

At the Board meeting held on 23 March 2017, the Directors recommended the payment of a final dividend for the year ended 31 December 2016 of RMB0.160 (equivalent to HK$0.1805) per ordinary share (2015: RMB0.232 (equivalent to HK$0.2770) per ordinary share), totalling RMB1,176,826,000 (equivalent to HK$1,327,607,000) (2015: RMB1,706,398,000 (equivalent to HK$2,037,381,000)), which is based on 7,355,164,741 shares (2015: 7,355,164,741 shares) in issue on 23 March 2017 (2015: 23 March 2016). This proposed dividend is not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2017.

13. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION

(a) Directors' emoluments

Name of Director	Fees RMB'000	Basic salary, housing allowance, other allowances and benefits in kind RMB'000	Share-based compensation expense RMB'000	Discretionary bonuses RMB'000	Employer's contribution to pension plans RMB'000	Total RMB'000
For the year ended 31 December 2016						
Executive Directors						
Ms. LI Xiaolin[(1)]	**–**	**–**	**–**	**395**	**–**	**395**
Mr. YU Bing	**–**	**358**	**–**	**316**	**41**	**715**
Mr. WANG Zichao[(3)]	**–**	**–**	**–**	**–**	**–**	**–**
Non-executive Directors						
Mr. WANG Binghua[(4)]	**–**	**–**	**–**	**–**	**–**	**–**
Mr. GUAN Qihong[(5)]	**–**	**–**	**–**	**–**	**–**	**–**
Independent non-executive Directors						
Mr. KWONG Che Keung, Gordon	**172**	**95**	**–**	**–**	**–**	**267**
Mr. LI Fang	**172**	**95**	**–**	**–**	**–**	**267**
Mr. TSUI Yiu Wa, Alec[(6)]	**172**	**95**	**–**	**–**	**–**	**267**
Mr. YAU Ka Chi[(7)]	**7**	**–**	**–**	**–**	**–**	**7**
	523	**643**	**–**	**711**	**41**	**1,918**
For the year ended 31 December 2015						
Executive Directors						
Ms. LI Xiaolin[(1)]	–	359	–	313	81	753
Mr. YU Bing[(2)]	–	574	–	211	82	867
Mr. WANG Zichao[(3)]	–	206	–	228	36	470
Non-executive Directors						
Mr. WANG Binghua[(4)]	–	–	–	–	–	–
Mr. GUAN Qihong[(5)]	–	–	–	–	–	–
Independent non-executive Directors						
Mr. KWONG Che Keung, Gordon	168	117	–	–	–	285
Mr. LI Fang	168	117	–	–	–	285
Mr. TSUI Yiu Wa, Alec	168	117	–	–	–	285
	504	1,490	–	752	199	2,945

13. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(a) Directors' emoluments *(Continued)*

(1) Ms. LI Xiaolin, due to new work arrangement, resigned as an executive Director, the Chairman of the Board, the chairman of the Executive Committee and the chief executive officer of the Company with effect from 28 July 2015.

For the year ended 31 December 2016, the discretionary bonuses included the back pay performance bonus of RMB279,000 for years 2013 and 2014 and RMB116,000 for year 2015. For the year ended 31 December 2015, the remuneration included the back pay remuneration of RMB71,000 for year 2013 and the remuneration for year 2015 was RMB682,000.

(2) Mr. YU Bing, an executive Director and the president of the Company and was a member of the Executive Committee, was appointed as the chairman of the Executive Committee with effect from 28 July 2015. Mr. YU as the president of the Company takes over the function of the chief executive officer.

(3) Mr. WANG Zichao was re-designated from a non-executive Director to an executive Director with effect from 28 July 2015. Mr. WANG has agreed to waive his director fees during his directorship with the Company in 2016.

(4) Mr. WANG Binghua was appointed as a non-executive Director and the Chairman of the Board with effect from 28 July 2015. Mr. WANG has agreed to waive his director fees during his directorship with the Company in 2016.

(5) Mr. GUAN Qihong had agreed to waive his director fees during his directorship with the Company.

(6) Mr. TSUI Yiu Wa, Alec resigned as an independent non-executive Director of the Company with effect from 12 December 2016.

(7) Mr. YAU Ka Chi was appointed as an independent non-executive Director of the Company with effect from 12 December 2016.

The executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Group. The non-executive Directors' and independent non-executive Directors' emoluments shown above were for their services as Directors of the Company.

13. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included 1 (2015: 1) Director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 4 (2015: 4) individuals during the year are as follows:

	2016	2015
	RMB'000	RMB'000
Basic salaries, housing allowance, other allowances and benefits in kind	**1,482**	1,757
Discretionary bonuses	**941**	1,136
Employer's contribution to pension plans	**149**	335
	2,572	3,228

Their emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Zero to HK$1,000,000 (equivalent to RMB894,510 (2015: RMB837,780))	**4**	4

During both years, no emoluments have been paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management remuneration by band

Senior management is defined as the same persons whose biographical details are disclosed. Their emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Zero to HK$1,000,000 (equivalent to RMB894,510 (2015: RMB837,780))	**11**	8

14. PROPERTY, PLANT AND EQUIPMENT

	Dam RMB'000	Buildings and leasehold improvements RMB'000	Power generators and equipment RMB'000	Electricity supply equipment RMB'000	Furniture and fixtures, tools and other equipment RMB'000	Transportation facilities RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2016	20,826,055	19,867,064	31,150,604	7,513,834	4,113,330	527,506	4,033,641	88,032,034
Additions and transfer from prepayment (note (f))	157,243	1,461	3,798	2,031	64,038	24,501	5,790,422	6,043,494
Acquisition of assets through acquisition of a subsidiary (Note (39))	–	–	–	–	7	–	137,309	137,316
Disposals	(8,097)	(137,527)	(143,966)	(20,602)	(83,342)	(17,373)	–	(410,907)
Transfer between categories	600	366,374	3,214,216	206,745	176,522	595	(3,965,052)	–
At 31 December 2016	20,975,801	20,097,372	34,224,652	7,702,008	4,270,555	535,229	5,996,320	93,801,937
Accumulated depreciation and impairment losses								
At 1 January 2016	1,748,824	4,659,551	9,682,368	2,261,457	1,352,543	196,566	–	19,901,309
Depreciation charge for the year	506,131	627,248	1,432,041	294,587	367,406	54,720	–	3,282,133
Disposals	(1,498)	(85,101)	(120,942)	(16,039)	(28,527)	(16,058)	–	(268,165)
At 31 December 2016	2,253,457	5,201,698	10,993,467	2,540,005	1,691,422	235,228	–	22,915,277
Net book value								
At 31 December 2016	18,722,344	14,895,674	23,231,185	5,162,003	2,579,133	300,001	5,996,320	70,886,660

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Dam RMB'000	Buildings and leasehold improvements RMB'000	Power generators and equipment RMB'000	Electricity supply equipment RMB'000	Furniture and fixtures, tools and other equipment RMB'000	Transportation facilities RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2015	20,796,191	18,655,758	27,490,748	6,366,399	3,106,647	347,838	7,675,942	84,439,523
Additions and transfer from prepayment (note (f))	20,206	504	54,809	80,761	42,437	68,233	4,202,599	4,469,549
Transfer from assets held for sale (note (g))	–	–	–	589,545	–	–	–	589,545
Disposals	–	(471,911)	(539,259)	(229,950)	(218,712)	(6,751)	–	(1,466,583)
Transfer between categories	9,658	1,682,713	4,144,306	707,079	1,182,958	118,186	(7,844,900)	–
At 31 December 2015	20,826,055	19,867,064	31,150,604	7,513,834	4,113,330	527,506	4,033,641	88,032,034
Accumulated depreciation and impairment losses								
At 1 January 2015	1,244,581	4,351,228	8,505,934	2,199,859	1,239,592	156,999	–	17,698,193
Depreciation charge for the year	504,243	598,347	1,285,979	270,700	328,477	45,657	–	3,033,403
Impairment charge for the year (Notes 3(i) and 7)	–	40,509	283,768	–	–	–	–	324,277
Disposals	–	(330,533)	(393,313)	(209,102)	(215,526)	(6,090)	–	(1,154,564)
At 31 December 2015	1,748,824	4,659,551	9,682,368	2,261,457	1,352,543	196,566	–	19,901,309
Net book value								
At 31 December 2015	19,077,231	15,207,513	21,468,236	5,252,377	2,760,787	330,940	4,033,641	68,130,725

Notes:

(a) As at 31 December 2016, certain of the Group's property, plant and equipment with net book value of RMB2,825,845,000 (2015: RMB2,601,413,000) were situated on leasehold land in the PRC leased from SPIC which held the rights on the leasehold land. The remaining period of the Group's rights on leasehold land as at 31 December 2016 is ranging from 3 to 9 years (2015: ranged 4 to 10 years).

(b) As at 31 December 2016, the legal title of certain properties of the Group with net book value of RMB3,121,152,000 (2015: RMB3,132,347,000) had not been transferred to the Group subject to certain administrative procedures to be completed by the relevant local government authorities. However, the Directors are of the opinion that the risks and rewards of using these assets have been transferred to the Group.

In addition, certain of the Group's property, plant and equipment are situated on leasehold land in the PRC which was granted for the use by the relevant government authorities to the relevant subsidiaries of the Group at nil consideration with no specific terms of usage.

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (Continued)

(c) As at 31 December 2016, the cost and accumulated depreciation of power generators and equipment held by the Group under finance leases amounted to RMB1,589,584,000 (2015: RMB1,589,584,000) and RMB359,205,000 (2015: RMB273,193,000) respectively.

As at 31 December 2016, the construction in progress held by the Group under finance leases amounted to RMB194,520,000 (2015: RMB194,520,000).

(d) As at 31 December 2016, certain property, plant and equipment of the Group with net book value of RMB571,146,000 (2015: RMB510,203,000) were pledged as security for certain long-term bank borrowings of the Group (Note 31(d)).

(e) As at 31 December 2016, the accumulated impairment losses of property, plant and equipment amounted to RMB459,784,000 (2015: RMB590,451,000).

(f) Addition in the cost of dam for the year ended 31 December 2016 represented an addition of provisions for Inundation Compensation caused by the construction of two hydropower plants of the Group. For the year ended 31 December 2016, management has reviewed and performed assessment on such provision and an additional provision of RMB157,243,000 (2015: RMB20,206,000) was provided to reflect the current best estimate (Note 35).

(g) In December 2015, due to the new policies announced by the relevant government authority in the PRC in relation to the reform of the electricity supply market and the further delay in the approval process of the sale of certain hydropower electricity transmission assets which were classified as assets held for sale, management of the Group considered that the sale of such assets was no longer highly probable and the held for sale criteria in accordance with HKFRS 5 were no longer met. These assets were then reclassified to property, plant and equipment.

15. PREPAYMENTS FOR CONSTRUCTION OF POWER PLANTS

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Group’s power plants including payments for equipment and machineries pending delivery to the relevant power plants for installation.

16. PREPAID LEASE PAYMENTS

The amount represents cost of the prepaid lease payments in respect of land located in the PRC where certain of the Group’s property, plant and equipment are built on.

	2016 **RMB’000**	2015 RMB’000
Current asset	**19,736**	16,053
Non-current asset	**883,505**	714,870
	903,241	730,923

17. GOODWILL

	2016 RMB'000	2015 RMB'000
Cost		
At 1 January and 31 December	**1,002,104**	1,002,104
Accumulated impairment losses		
At 1 January and 31 December	**166,939**	166,939
Net book value		
At 1 January and 31 December	**835,165**	835,165

Goodwill is allocated to the Group's CGUs identified according to operating segments. The accumulated impairment losses relate to coal-fired electricity segment.

A segment-level summary of the goodwill allocation at cost before impairment and at net book value is presented below:

	Coal-fired electricity RMB'000	**Hydropower electricity RMB'000**	**Total RMB'000**
Cost			
At 1 January 2015, 31 December 2015 and 31 December 2016	234,651	767,453	1,002,104
Net book value			
At 1 January 2015, 31 December 2015 and 31 December 2016	67,712	767,453	835,165

For the purpose of impairment assessment, the recoverable amount of goodwill is determined based on value in use calculations. The value in use calculations use pre-tax cash flow projections based on financial budgets approved by management for the purpose of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the then production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Management prepared the financial budgets taking into account actual and prior year performance and market development expectations. The pre-tax discount rate used for value in use calculations for goodwill is 8% (2015: 9%). Management estimates the discount rate using a pre-tax rate that reflects market assessments of the time value of money and the specific risks relating to the CGUs. Other key assumptions applied in the impairment assessments include the expected tariff rates, fuel costs, and demand of electricity in the region where the power plants are located, where applicable.

No impairment on goodwill is resulted based on the impairment assessment performed by management.

18. INTERESTS IN ASSOCIATES

	2016 RMB'000	2015 RMB'000
Unlisted investments, at cost	**2,339,643**	2,061,258
Share of undistributed post-acquisition reserves	**690,287**	888,791
	3,029,930	2,950,049

As at 31 December 2016, interests in associates include goodwill of RMB158,732,000 (2015: RMB158,732,000).

There are no contingent liabilities relating to the Group's interests in associates and these associates did not have any material contingent liabilities as at 31 December 2016 and 2015.

Dividends from associates for the year ended 31 December 2016 amounted to RMB728,822,000 (2015: RMB630,537,000).

The followings are the details of the associates as at 31 December 2016 and 2015:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest		Type of legal entity	Principal activities
			Held directly by the Company	Held by subsidiaries		
江蘇常熟發電有限公司 (Jiangsu Changshu Electric Power Generating Company Limited) ("Changshu Power Plant")	The PRC	RMB2,685,000,000	50%	–	Sino-foreign equity joint venture	Generation and sale of electricity
^貴州普安地瓜坡煤業有限公司 (Guizhou Pu'an Digua Coal Industry Co., Ltd.)	The PRC	RMB630,000,000/ RMB94,500,000	35%	–	Sino-foreign equity joint venture	Coal management and consultancy service
湖南華潤電力鯉魚江有限公司 (Hunan China Resources Power Liyujiang Company Limited)	The PRC	RMB573,660,000	–	40%	Sino-foreign equity joint venture	Generation and sale of electricity
^湖南核電有限公司 (Hunan Nuclear Power Company Limited)	The PRC	RMB289,000,000	–	20%	Limited liability company	Generation and sale of electricity
江蘇常電環保科技有限公司 (Jiangsu Changdian Environmental Technology Company Limited)	The PRC	RMB8,000,000	–	50%	Sino-foreign equity joint venture	Sale of electricity generation by-products

18. INTERESTS IN ASSOCIATES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest: Held directly by the Company	Proportion of ownership interest: Held by subsidiaries	Type of legal entity	Principal activities
#四川能投發展股份有限公司 (Sichuan Energy Investment Development Co., Ltd.) ("Sichuan Energy Investment")	The PRC	RMB805,557,700	12.17% (notes (i) and (ii))	–	Sino-foreign equity joint venture	Energy investment
^#貴安新區配售電有限公司 (Gui'an New District Power Sales and Distribution Company Limited) ("Gui'an New District")	The PRC	RMB1,500,000,000/ RMB300,000,000	8% (note (ii))	–	Sino-foreign equity joint venture	Sale and distribution of electricity

^ These associates are under development.

These associates were newly set up/acquired in 2016.

Notes:

(i) In October 2016, the Company acquired 12.17% equity interest in Sichuan Energy Investment from an independent third party at a consideration of RMB198,385,000.

(ii) According to the articles of association of Sichuan Energy Investment and Gui'an New District, the Company has significant influence over Sichuan Energy Investment and Gui'an New District through its representatives on the board of directors of these two companies respectively, and therefore classified Sichuan Energy Investment and Gui'an New District as associates.

Summarized unaudited financial information of a material associate

Set out below are the summarized unaudited financial information for Changshu Power Plant, which, in the opinion of the Directors, is a material associate to the Group.

Summarized statement of financial position

	Changshu Power Plant	
	2016	2015
	RMB'000	RMB'000
Non-current assets	**9,622,088**	9,841,972
Current assets	**920,805**	724,411
Non-current liabilities	**(3,256,565)**	(3,431,502)
Current liabilities	**(3,053,734)**	(2,603,509)
Net assets	**4,232,594**	4,531,372

18. INTERESTS IN ASSOCIATES (CONTINUED)

Summarized unaudited financial information of a material associate *(Continued)*

Summarized income statement and statement of comprehensive income

	Changshu Power Plant	
	2016	2015
	RMB'000	RMB'000
Revenue	**5,551,395**	5,566,345
Profit and total comprehensive income for the year	**946,250**	1,272,308
Dividend received from the associate	**622,514**	540,916

Reconciliation of summarized unaudited financial information

Reconciliation of summarized unaudited financial information presented above to the carrying amount of interest in Changshu Power Plant is as follows:

	Changshu Power Plant	
	2016	2015
	RMB'000	RMB'000
Opening net assets	**4,531,372**	4,160,896
Profit and total comprehensive income for the year	**946,250**	1,272,308
Capital injection	**–**	180,000
Dividend paid	**(1,245,028)**	(1,081,832)
Closing net assets	**4,232,594**	4,531,372
Interest in associate (50%) — At carrying amount	**2,116,297**	2,265,686

Aggregate information of associates that are not individually material

	2016	2015
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income for the year	**67,228**	104,397
Aggregate carrying amount of the Group's interests in these associates	**913,633**	684,363

19. INTERESTS IN JOINT VENTURES

	2016 RMB'000	2015 RMB'000
Unlisted investments, at cost	**603,200**	603,200
Share of undistributed post-acquisition reserves	**113,914**	108,423
Less: Accumulated impairment	**(156,370)**	(156,370)
	560,744	555,253

The followings are the details of the joint ventures as at 31 December 2016 and 2015:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest held directly by the Company	Type of legal entity	Principal activities
四川廣旺集團船景煤業有限責任公司 (Sichuan Guangwang Group Chuanjing Coal Industry Company Limited) ("Chuanjing Coal")	The PRC	RMB472,000,000/ RMB329,182,000	49%	Sino-foreign equity joint venture	Coal mining
廣州中電荔新電力實業有限公司 (Guangzhou China Power Lixin Industry Company Limited)	The PRC	RMB604,000,000	50%	Sino-foreign equity joint venture	Generation and sale of electricity
河南中平煤電有限責任公司 (Henan Zhongping Coal & Electricity Co., Ltd.)	The PRC	RMB132,061,000	50%	Sino-foreign equity joint venture	Coal transportation and selling

None of the joint ventures were individually material.

There are no contingent liabilities relating to the Group's interests in the joint ventures and the joint ventures did not have any material contingent liabilities as at 31 December 2016 and 2015.

Dividend from a joint venture for the year ended 31 December 2016 amounted to RMB144,667,000 (2015: RMB67,127,000).

In 2015, as a result of continuous deterioration of coal industry, Chuanjing Coal, was with extremely difficulty in financing its basic construction in progress. Based on the impairment assessment results, the carrying amount of the interest in Chuanjing Coal of RMB156,370,000 was fully impaired as at 31 December 2015 (Note 7). As at 31 December 2016, no indication suggested that the impairment losses no longer exist or may have decreased.

19. INTERESTS IN JOINT VENTURES (CONTINUED)

Capital commitments in respect of property, plant and equipment

	2016 RMB'000	2015 RMB'000
Contracted but not provided for	**4,087**	125,342

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 RMB'000	2015 RMB'000
Unlisted equity investments in the PRC — at cost (note (a))	**175,442**	154,712
Equity securities listed in the PRC — at fair value (note (b))	**4,410,367**	5,347,661
	4,585,809	5,502,373
Market value of equity securities listed in the PRC	**4,410,367**	5,347,661

Notes:

(a) Unlisted equity investments mainly represent interests in certain unlisted companies which are principally engaged in financial services, coal production and water supply respectively.

These companies do not have a quoted market price in an active market and for which the range of other methods of reasonably estimating fair value is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, these investments are carried at cost less accumulated impairment losses.

(b) Details of the equity securities listed in the PRC held directly by the Company as at 31 December 2016 and 2015 are as follows:

Name of company	Place of establishment and operation	Registered/ paid up capital	Equity interest attributable to the Company	Type of legal entity	Principal activity
Shanghai Power#	The PRC	RMB2,139,739,000	16.98%	Joint stock company with limited liability with its A-shares listed on the Shanghai Stock Exchange	Investment holdings and generation and sale of electricity

Shanghai Power is a subsidiary of SPIC.

During the year ended 31 December 2015, the Company disposed of 40,173,628 shares of Shanghai Power. After the disposal, the Company's equity interest in Shanghai Power was reduced from 18.86% to 16.98%. The cumulative pre-tax gain recognized in other comprehensive income in relation to the shares disposed of was RMB1,175,193,000, which was then reclassified from other comprehensive income to profit or loss (Note 7).

21. DEFERRED INCOME TAX

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2016 RMB'000	2015 RMB'000
Deferred income tax assets	**244,137**	158,213
Deferred income tax liabilities	**(1,792,623)**	(1,968,569)
Net deferred income tax liabilities	**(1,548,486)**	(1,810,356)

The net movement of the deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation RMB'000	Decelerated tax depreciation RMB'000	Changes in fair value (note) RMB'000	Provisions RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	**(1,177,762)**	**120,488**	**(1,029,765)**	**241,861**	**33,238**	**1,584**	**(1,810,356)**
(Charged)/credited to the consolidated income statement (Note 10)	**(49,907)**	**58,704**	**(26,408)**	**(7,668)**	**52,825**	**–**	**27,546**
Credited to other comprehensive income (Note 30)	**–**	**–**	**234,324**	**–**	**–**	**–**	**234,324**
At 31 December 2016	**(1,227,669)**	**179,192**	**(821,849)**	**234,193**	**86,063**	**1,584**	**(1,548,486)**
At 1 January 2015	(1,114,132)	85,732	(429,692)	158,190	50,323	1,568	(1,248,011)
(Charged)/credited to the consolidated income statement (Note 10)	(63,630)	34,756	(15,271)	83,671	(17,085)	16	22,457
Charged to other comprehensive income, net (Note 30)	–	–	(584,802)	–	–	–	(584,802)
At 31 December 2015	(1,177,762)	120,488	(1,029,765)	241,861	33,238	1,584	(1,810,356)

Note: These were fair value changes of available-for-sale financial assets and derivative financial instruments.

21. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 31 December 2016, the Group had unrecognized tax losses to be carried forward against future taxable profits amounted to RMB545,561,000 (2015: RMB367,177,000), which will expire within 5 years.

As at 31 December 2016, the Group had deductible temporary differences of RMB253,384,000 (2015: RMB362,612,000), which mainly relates to the impairment losses of the Group's property, plant and equipment and interest in a joint venture. No deferred income tax assets had been recognized in relation to such deductible temporary difference as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilized.

As the Company is a deemed PRC Tax Resident Enterprise, the Company is exempted from the withholding tax charged on the dividends remitted to the Company by the subsidiaries, associates or joint ventures. As such, no deferred income tax liabilities on unremitted earnings of subsidiaries, associates or joint ventures would be recognized.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	2016 **RMB'000**	2015 RMB'000
Derivative financial instruments — assets		
— Non-current	**–**	202,840
— Current	**308,471**	–
	308,471	202,840

In 2015, the Company entered into two derivative financial instruments to hedge foreign currency risk for the short-term United States dollars ("USD") commercial notes issued by the Company in July 2014.

Such two derivative financial instruments are European style USD call options with expiration date on 28 June 2017. Under these contracts, the Company is entitled to buy USD190,649,000 and USD106,129,000 with RMB at the strike price of 6.1225 and 6.1375 respectively. The premium at the date of acquisition in both contracts amounted to RMB91,862,000 and RMB49,895,000 respectively. These derivative financial instruments have been reclassified as current assets as at 31 December 2016.

These derivative financial instruments were categorized as financial assets at fair value through profit or loss. They were not designated as hedging instruments in accordance with HKAS 39. The change in fair values of these derivative financial instruments for the year ended 31 December 2016 of a gain of RMB105,631,000 (2015: RMB61,083,000) was recognized in the consolidated income statement as other gains (Note 7).

23. RESTRICTED DEPOSITS

Restricted deposits mainly include restricted cash deposits and bank deposits pledged as securities, which are interest bearing at rates ranging from 0.30% to 4.68% (2015: ranged from 0.30% to 4.68%) per annum.

The restricted cash deposits mainly represent cash deposits held in the "joint control account" under the names of certain subsidiaries of the Group for the co-development of wind power plants with local government. The deposits are operated with the approvals from both parties and will be released upon the completion of power plant construction.

The carrying amounts of the restricted deposits as at 31 December 2016 and 2015 are as follows:

	2016 RMB'000	2015 RMB'000
Restricted cash deposits	**44,994**	36,841
Bank deposits secured against long-term bank borrowings (Including its current portion) (Note 31(d))	**300,000**	300,000
	344,994	336,841
Analyzed for reporting purpose as:		
— Non-current assets	**7,200**	330,032
— Current assets	**337,794**	6,809
	344,994	336,841

24. OTHER NON-CURRENT ASSETS

	2016 RMB'000	2015 RMB'000
Deductible VAT and other taxes	**497,956**	203,306
Deposits for obligations under finance leases	**3,242**	38,242
	501,198	241,548

25. INVENTORIES

	2016 RMB'000	2015 RMB'000
Coal and oil	**274,778**	165,061
Spare parts and consumables	**135,914**	154,040
	410,692	319,101

26. ACCOUNTS RECEIVABLE

	2016 RMB'000	2015 RMB'000
Accounts receivable from regional and provincial power grid companies (note (a))	**2,119,135**	2,415,646
Accounts receivable from other companies (note (a))	**14,047**	5,320
	2,133,182	2,420,966
Notes receivable (note (c))	**212,812**	216,970
	2,345,994	2,637,936

Notes:

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

	2016 RMB'000	2015 RMB'000
1 to 3 months	**1,983,371**	2,401,027
4 to 6 months	**95,590**	10,404
Over 6 months	**54,221**	9,535
	2,133,182	2,420,966

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

(b) As at 31 December 2016, accounts receivable that were past due but not impaired amounted to RMB149,811,000 (2015: RMB19,939,000), which mainly represented the wind and photovoltaic power price premium. The Directors consider that there has not been a significant change in credit quality and there was no impairment in view of the creditability of the debtors and the continuing repayment from these debtors.

(c) As at 31 December 2016, notes receivable were bank acceptance notes issued by third parties and were normally with maturity period of 180 days (2015: 180 days).

(d) As at 31 December 2016, certain bank borrowings and long-term borrowings from CPIF (Notes 31(d) and 32(b)) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 31 December 2016 amounted to RMB1,125,880,000 (2015: RMB1,769,988,000).

(e) The fair values of accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

27. AMOUNTS DUE FROM/TO RELATED PARTIES

	2016 RMB'000	2015 RMB'000
Amounts due from related parties		
Amounts due from SPIC	**451**	–
Amounts due from CPDL	**172**	–
Amounts due from CPIH	**1,234**	1,153
Amounts due from CPIF	**633**	7,738
Amounts due from companies controlled by SPIC other than CPIF	**112,874**	7,699
Amounts due from fellow subsidiaries (note (b))	**132,621**	5,826
Amounts due from an associate (note (c))	**457,312**	55,109
Amounts due from a non-controlling shareholder	**24,708**	–
	730,005	77,525
Amounts due to related parties		
Amounts due to SPIC	**198,233**	184,851
Amounts due to CPIH (note (d))	**165,658**	134,486
Amounts due to CPIF	**525**	2,311
Amounts due to companies controlled by SPIC other than CPIF	**161,502**	49,372
Amounts due to fellow subsidiaries	**104,471**	58,266
Amounts due to a joint venture	**2,315**	–
Amounts due to an associate (note (e))	**35,238**	–
Amounts due to non-controlling shareholders	**176,697**	263,496
	844,639	692,782

Notes:

(a) The list of major related parties that had transactions with the Group and their relationships with the Company is disclosed in Note 42.

(b) The amounts due from fellow subsidiaries are unsecured. Except for a balance of RMB50,000,000 (2015: Nil) which is interest bearing at 4.35% (2015: Nil) per annum and repayable within 1 year, the remaining balances are interest free and repayable on demand.

(c) The amounts due from an associate are unsecured. Except for a balance of RMB455,080,000 (2015: RMB55,080,000) which is interest bearing ranging from 1.75% to 3.92% (2015: 1.75%) per annum and repayable within 1 year, the remaining balances are interest free and repayable on demand.

(d) The amounts due to CPIH are unsecured. Except for a balance of RMB106,440,000 (2015: RMB106,440,000) which is interest bearing at 1.75% (2015: 1.75%) per annum and repayable within 1 year, the remaining balances are interest free and repayable on demand.

(e) The amounts due to an associate are unsecured and repayable on demand. Except for a balance of RMB35,000,000 (2015: Nil) which is interest bearing at 1.38% (2015: Nil) per annum, the remaining balances are interest free.

(f) The amounts due from related parties other than those disclosed in notes (b) and (c) are within 180 days (2015: 180 days) based on the invoice date.

(g) Balances with related parties, other than those disclosed in notes (b) to (e), are unsecured, interest free and repayable on demand.

(h) The fair values of these balances approximate their carrying amounts as the impact of discounting is not significant.

28. CASH AND CASH EQUIVALENTS

	2016 RMB'000	2015 RMB'000
Cash at banks and in hand	**1,275,235**	1,528,017
Deposits at CPIF	**534,180**	–
	1,809,415	1,528,017
Denominated in:		
RMB	**1,577,532**	1,376,620
USD	**170,990**	61,882
HK$	**60,893**	89,515
	1,809,415	1,528,017

The Group's cash at banks and deposits at CPIF are interest bearing at rates ranging from 0.30% to 1.35% (2015: ranged from 0.30% to 0.35%) per annum.

The Group's cash and cash equivalents denominated in RMB of RMB1,522,102,000 (2015: RMB1,072,803,000) are deposited with banks and CPIF in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

29. SHARE CAPITAL

(a) Share capital

	Number of shares	RMB'000
Ordinary shares, issued and fully paid:		
At 1 January 2015	6,906,119,125	12,730,145
Issue of new shares upon conversion of convertible bonds	449,045,616	804,000
At 31 December 2015 and 2016	7,355,164,741	13,534,145

Note: These shares rank pari passu in all respects with the existing shares.

(b) Share option scheme

Pursuant to the written resolutions passed by the shareholders of the Company on 24 August 2004, a share option scheme was approved and adopted by the Company (the "Share Option Scheme").

29. SHARE CAPITAL (CONTINUED)

(b) Share option scheme *(Continued)*

Details of the share options granted under the Share Option Scheme outstanding as at 31 December 2016 and 2015 are as follows:

Date of grant	Expiry date	Exercise price	Number of outstanding share options 2016	2015
Directors				
4 April 2007	3 April 2017	HK$4.07	**804,000**	804,000
2 July 2008	1 July 2018	HK$2.326	**1,100,000**	1,100,000
Senior management and other employees				
4 April 2007	3 April 2017	HK$4.07	**5,358,000**	7,263,000
2 July 2008	1 July 2018	HK$2.326	**13,850,000**	18,560,000
			21,112,000	27,727,000

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2016		2015	
	Average exercise price per share (HK$)	**Number of outstanding share options**	Average exercise price per share (HK$)	Number of outstanding share options
At 1 January	**2.833**	**27,727,000**	2.871	30,244,000
Lapsed	**2.828**	**(6,615,000)**	3.280	(2,517,000)
At 31 December	**2.835**	**21,112,000**	2.833	27,727,000

As at 31 December 2016, all of the 21,112,000 (2015: 27,727,000) outstanding share options were vested and exercisable, which represents 0.29% (2015: 0.38%) of the total issued ordinary shares of the Company. During the year, no share options were exercised (2015: Nil) and 6,615,000 (2015: 2,517,000) share options were lapsed under the Share Option Scheme.

Share options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option.

Consideration in connection with all share options granted was received. Save as mentioned above, no other share options granted under the Share Option Scheme were cancelled or exercised during the year. The Group has no legal or constructive obligation to buy back or settle the share options in cash.

30. RESERVES

	Merger reserve (note (a)) RMB'000	Capital reserve (note (b)) RMB'000	Available-for-sale financial assets reserve RMB'000	Statutory reserves (note (c)) RMB'000	Share-based compensation reserve RMB'000	Convertible option reserve RMB'000	Others RMB'000	Other reserves sub-total RMB'000	Retained earnings (note (d)) RMB'000	Total RMB'000
At 1 January 2016	**306,548**	**2,262,848**	**2,928,772**	**722,948**	**18,243**	**–**	**275,883**	**6,515,242**	**7,271,141**	**13,786,383**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,365,868**	**2,365,868**
Fair value loss on available-for-sale financial assets	**–**	**–**	**(937,294)**	**–**	**–**	**–**	**–**	**(937,294)**	**–**	**(937,294)**
Deferred tax on fair value loss on available-for-sale financial assets	**–**	**–**	**234,324**	**–**	**–**	**–**	**–**	**234,324**	**–**	**234,324**
Transfer to statutory reserves	**–**	**–**	**–**	**214,126**	**–**	**–**	**–**	**214,126**	**(214,126)**	**–**
Lapse of share options	**–**	**–**	**–**	**–**	**(4,354)**	**–**	**–**	**(4,354)**	**4,354**	**–**
Share of reserves of an associate	**–**	**–**	**–**	**–**	**–**	**–**	**(10,035)**	**(10,035)**	**–**	**(10,035)**
2015 final dividend	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,706,398)**	**(1,706,398)**
At 31 December 2016	**306,548**	**2,262,848**	**2,225,802**	**937,074**	**13,889**	**–**	**265,848**	**6,012,009**	**7,720,839**	**13,732,848**
At 1 January 2015	306,548	2,262,848	1,161,680	607,138	20,214	104,547	257,868	4,720,843	4,412,781	9,133,624
Profit for the year	–	–	–	–	–	–	–	–	4,149,018	4,149,018
Fair value gain on available-for-sale financial assets	–	–	3,527,087	–	–	–	–	3,527,087	–	3,527,087
Deferred tax on fair value gain on available-for-sale financial assets	–	–	(878,600)	–	–	–	–	(878,600)	–	(878,600)
Release on disposal of available-for-sale financial assets	–	–	(1,175,193)	–	–	–	–	(1,175,193)	–	(1,175,193)
Release of deferred tax upon disposal of available-for-sale financial assets	–	–	293,798	–	–	–	–	293,798	–	293,798
Transfer to statutory reserves	–	–	–	115,810	–	–	–	115,810	(115,810)	–
Lapse of share options	–	–	–	–	(1,971)	–	–	(1,971)	1,971	–
Issue of new shares upon conversion of convertible bonds	–	–	–	–	–	(104,547)	–	(104,547)	42,184	(62,363)
Contributions from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	12,299	12,299	–	12,299
Acquisition of non-controlling interests	–	–	–	–	–	–	5,716	5,716	–	5,716
2014 final dividend	–	–	–	–	–	–	–	–	(1,219,003)	(1,219,003)
At 31 December 2015	306,548	2,262,848	2,928,772	722,948	18,243	–	275,883	6,515,242	7,271,141	13,786,383

30. RESERVES (CONTINUED)

Notes:

(a) Merger reserve

The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the registered capital of the subsidiaries transferred to the Company pursuant to the reorganization of the Group took place in 2004.

(b) Capital reserve

Capital reserve represents the difference between the fair value of the net assets injected by the then owner of the relevant companies of the Group and the registered capital of these companies upon their establishment.

(c) Statutory reserves

Statutory reserves are non-distributable and the transfers to these funds are determined by the board of directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

(d) Retained earnings

Accumulated profits retained by the Group, its associates and joint ventures included impairment losses on property, plant and equipment of certain subsidiaries and an associate which have been accounted for in the Group's consolidated income statement in prior years. In the local statutory financial statements of the relevant subsidiaries and associates, these impairment losses have been dealt with in the respective company's capital reserves in accordance with the relevant local accounting rules and regulations. Profit distributions made by these companies were based on the distributable reserves as reported in the statutory financial statements of the respective companies.

31. BANK BORROWINGS

Bank borrowings are analyzed as follows:

	2016 RMB'000	2015 RMB'000
Non-current		
Long-term bank borrowings		
— secured (note (d))	**13,915,815**	15,411,773
— unsecured (note (e))	**14,857,505**	14,021,412
	28,773,320	29,433,185
Less: Current portion of long-term bank borrowings	**(4,069,290)**	(3,453,458)
	24,704,030	25,979,727
Current		
Short-term bank borrowings — unsecured	**4,737,090**	3,409,011
Current portion of long-term bank borrowings	**4,069,290**	3,453,458
	8,806,380	6,862,469
Total bank borrowings	**33,510,410**	32,842,196

Notes:

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2016 RMB'000	2015 RMB'000
RMB	**33,071,340**	32,409,521
Japanese Yen ("JPY")	**380,715**	359,842
USD	**58,355**	72,833
	33,510,410	32,842,196

(b) The repayment terms of the long-term bank borrowings are analyzed as follows:

	2016 RMB'000	2015 RMB'000
Within one year	**4,069,290**	3,453,458
Between one and two years	**6,380,257**	4,277,967
Between two and five years	**7,166,928**	9,074,484
Over five years	**11,156,845**	12,627,276
	28,773,320	29,433,185

31. BANK BORROWINGS (CONTINUED)

Notes: (Continued)

(c) The effective interest rates of the Group's bank borrowings are as follows:

	2016	2015
Short-term bank borrowings	**4.07%**	4.44%
Long-term bank borrowings (including the current portion of long-term bank borrowings)	**4.57%**	5.22%

(d) As at 31 December 2016 and 2015, the bank borrowings of the Group are secured as follows:

	2016 RMB'000	2015 RMB'000
Secured against the rights on accounts receivable of certain subsidiaries of the Group (Note 26(d))	**13,328,995**	14,796,953
Secured against property, plant and equipment of certain subsidiaries of the Group (Note 14(d))	**286,820**	314,820
Secured against bank deposits of a subsidiary of the Group (Note 23)	**300,000**	300,000
	13,915,815	15,411,773

(e) As at 31 December 2016, bank borrowings amounting to RMB380,715,000 (2015: RMB359,842,000) are guaranteed by Hunan Provincial Finance Bureau.

(f) As at 31 December 2016, the Group had available unutilized banking facilities amounting to RMB15,344,193,000 (2015: RMB22,385,820,000).

(g) The fair values of short-term bank borrowings approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term bank borrowings at floating interest rates approximate their carrying amounts.

As at 31 December 2016, the carrying amounts and fair values of long-term bank borrowings at fixed interest rates amount to RMB3,900,115,000 (2015: RMB4,449,237,000) and RMB3,903,558,000 (2015: RMB4,432,377,000) respectively. The fair values are calculated using cash flows discounted at a rate based on the borrowing rate ranging from 0.75% to 4.67% (2015: ranged from 0.75% to 4.67%) per annum and are within level 3 of the fair value hierarchy.

32. BORROWINGS FROM RELATED PARTIES

	2016 RMB'000	2015 RMB'000
Non-current		
Long-term borrowings from SPIC (note (a))	**4,594,111**	2,744,111
Long-term borrowings from CPIF (note (b))	**369,400**	10,200
Less: Current portion of long-term borrowings from SPIC	**–**	(450,000)
Less: Current portion of long-term borrowings from CPIF	**(800)**	(800)
	4,962,711	2,303,511
Current		
Short-term borrowings from CPIF (note (c))	**100,000**	–
Short-term borrowings from a fellow subsidiary (note (d))	**400,000**	263,000
Current portion of long-term borrowings from SPIC (note (a))	**–**	450,000
Current portion of long-term borrowings from CPIF (note (b))	**800**	800
	500,800	713,800
	5,463,511	3,017,311

Notes:

(a) The long-term borrowings from SPIC are unsecured, interest bearing at rates ranging from 2.88% to 5.58% (2015: ranged from 5.02% to 5.60%) per annum and are wholly repayable within 5 years.

These borrowings are repayable as follows:

	2016 RMB'000	2015 RMB'000
Within one year	**–**	450,000
Between one and two years	**3,894,111**	–
Between two and five years	**700,000**	2,294,111
	4,594,111	2,744,111

32. BORROWINGS FROM RELATED PARTIES (CONTINUED)

Notes: (Continued)

(b) The long-term borrowings from CPIF of RMB9,400,000 (2015: RMB10,200,000) are secured against the rights on accounts receivable of a subsidiary of the Group, interest bearing at 4.41% (2015: 4.41%) per annum. The remaining balances are unsecured and interest bearing at rates ranging from 3.92% to 4.28% (2015: Nil) per annum.

The repayment terms of these borrowings are analyzed as follows:

	2016 RMB'000	2015 RMB'000
Within one year	**800**	800
Between one and two years	**800**	800
Between two and five years	**362,400**	2,400
Over five years	**5,400**	6,200
	369,400	10,200

(c) The short-term borrowings from CPIF as at 31 December 2016 are unsecured, interest bearing at 3.92% (2015: Nil) per annum and repayable within one year.

(d) The short-term borrowings from a fellow subsidiary as at 31 December 2016 are unsecured, interest bearing at 4.35% (2015: 4.35%) per annum and repayable within one year.

(e) As at 31 December 2016, the Group had available unutilized facilities from CPIF amounting to RMB5,000,000,000 (2015: Nil).

(f) The fair values of short-term borrowings from related parties approximate their carrying amounts as the impact of discounting is not significant.

As at 31 December 2016, the carrying amounts and fair values of long-term borrowings from related parties at fixed interest rates amount to RMB4,594,111,000 (2015: RMB2,744,111,000) and RMB4,598,260,000 (2015: RMB2,800,517,000) respectively. The fair values are calculated using cash flows discounted at a rate based on the borrowing rates ranging from 2.88% to 5.58% (2015: ranged from 5.02% to 5.60%) per annum and are within level 3 of the fair value hierarchy.

33. OTHER BORROWINGS

	2016 RMB'000	2015 RMB'000
Non-current		
Corporate bonds issued by:		
— the Company (note (a))	**2,000,000**	2,000,000
— a subsidiary (note (b))	**998,514**	997,530
	2,998,514	2,997,530
Less: Current portion of corporate bonds issued by the Company	**(2,000,000)**	–
	998,514	2,997,530
Current		
Corporate bonds issued by the Company reclassified as current (note (a))	**2,000,000**	–
Short-term other borrowings:		
— Short-term debentures issued by a subsidiary (note (c))	**500,000**	500,000
— Commercial notes (note (d))	**2,081,100**	1,948,080
— Short-term commercial paper issued by the Company (note (e))	**2,000,000**	–
	6,581,100	2,448,080
	7,579,614	5,445,610

Notes:

(a) Balance represents unsecured RMB denominated corporate bonds issued by the Company in May 2014 for a term of 3 years at an interest rate of 4.50% per annum. These bonds are fully repayable in May 2017 and have been reclassified as current liabilities as at 31 December 2016.

As at 31 December 2016, the fair values of these corporate bonds amounted to RMB1,989,820,000 (2015: RMB1,979,060,000), which was the quoted prices in active markets for identical liabilities and was within level 1 of fair value hierarchy.

(b) Balance represents certain long-term corporate bonds issued by Wu Ling Power Corporation ("Wu Ling Power") for a term of 10 years from April 2009 which are interest bearing at 4.60% per annum. These bonds are guaranteed by SPIC.

As at 31 December 2016, the fair values of these corporate bonds amounted to RMB1,011,990,000 (2015: RMB1,042,010,000), which was the quoted prices from pricing services and was within level 2 of fair value hierarchy.

33. OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(c) As at 31 December 2016, unsecured RMB denominated short-term debentures were issued by Wu Ling Power with details as follows:

Issue date	Due date	Interest rate per annum	2016 RMB'000	2015 RMB'000
November 2015	November 2016	3.79%	–	300,000
December 2015	December 2016	3.32%	–	200,000
March 2016	March 2017	2.86%	**300,000**	–
April 2016	April 2017	3.10%	**200,000**	–
			500,000	500,000

The fair values of short-term debentures approximate their carrying amounts as the impact of discounting is not significant.

(d) Pursuant to the Commercial Paper Dealer Agreement entered into by the Company on 8 July 2014, the Company may issue USD denominated commercial notes to institutional accredited investors in the United States with an aggregate amount of not more than USD300,000,000 for a 3-year period starting from 8 July 2014. The term of each commercial note is not more than 270 days. As at 31 December 2016, commercial notes of USD300,000,000 (approximately RMB2,081,100,000) (2015: USD300,000,000 (approximately RMB1,948,080,000)) issued by the Company were outstanding. The commercial notes do not bear nominal interest rates but were issued at discount rates ranging from 0.85% to 1.40% (2015: ranged from 0.42% to 0.50%) during the year ended 31 December 2016.

The incidental costs arising from issue of the commercial notes for the year ended 31 December 2016 amounted to RMB16,555,000 (2015: RMB20,609,000).

The fair values of commercial notes approximate their carrying amounts as the impact of discounting is not significant.

(e) Balance represents 2016 first tranche of the short-term commercial paper of RMB2,000,000,000 issued by the Company in October 2016 for a term of 1 year at an interest rate of 2.80% per annum. The short-term commercial paper was unsecured and denominated in RMB.

As at 31 December 2016, the Company had available unutilized short-term commercial paper facilities amounting to RMB3,000,000,000 (2015: Nil).

The fair value of the short-term commercial paper approximates its carrying amount as the impact of discounting is not significant.

34. OBLIGATIONS UNDER FINANCE LEASES

	2016 RMB'000	2015 RMB'000
Obligations under finance leases	**1,181,315**	1,382,668
Less: Current portion of obligations under finance leases	**(430,281)**	(202,573)
Non-current portion of obligations under finance leases	**751,034**	1,180,095

Certain property, plant and equipment of the Group are under finance leases. As at 31 December 2016 and 2015, the Group's obligations under finance leases are repayable as follows:

	Minimum lease payments	
	2016 RMB'000	2015 RMB'000
Within one year	**490,299**	283,499
Between one and two years	**368,036**	490,299
Between two and five years	**385,323**	713,779
Over five years	**73,939**	113,519
	1,317,597	1,601,096
Future finance charges on obligations under finance leases	**(136,282)**	(218,428)
Present value of obligations under finance leases	**1,181,315**	1,382,668

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 4.19% to 5.82% (2015: ranged from 4.19% to 5.82%) per annum. These leases have no terms of renewal or purchase options and escalation clauses.

The present value of the Group's obligations under finance leases is as follows:

	Present value of minimum lease payments	
	2016 RMB'000	2015 RMB'000
Within one year	**430,281**	202,573
Between one and two years	**330,536**	476,334
Between two and five years	**351,901**	600,727
Over five years	**68,597**	103,034
Present value of obligations under finance leases	**1,181,315**	1,382,668

35. PROVISIONS FOR OTHER LONG-TERM LIABILITIES

Provisions for other long-term liabilities represent provisions for Inundation Compensation caused by the construction of two hydropower plants of the Group.

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

Analysis of the provisions for Inundation Compensation as at 31 December 2016 and 2015 is as follows:

	2016 **RMB'000**	2015 RMB'000
Non-current liabilities (included in provisions for other long-term liabilities)	**1,030,125**	906,339
Current liabilities (included in other payables and accrued charges) (Note 37)	**134,230**	118,582
	1,164,355	1,024,921

The movement of the provisions for Inundation Compensation for the years ended 31 December 2016 and 2015 is as follows:

	2016 **RMB'000**	2015 RMB'000
At 1 January	**1,024,921**	982,452
Recognized during the year (Note 14(f))	**157,243**	20,206
Interest expense (Note 9)	**87,090**	85,136
Payment	**(104,899)**	(62,873)
At 31 December	**1,164,355**	1,024,921

36. ACCOUNTS AND BILLS PAYABLES

	2016 RMB'000	2015 RMB'000
Accounts payable (note (a))	**590,222**	412,241
Bills payable (note (b))	**376,927**	207,004
	967,149	619,245

Notes:

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

	2016 RMB'000	2015 RMB'000
1 to 6 months	**539,937**	376,456
7 to 12 months	**5,599**	3,228
Over 1 year	**44,686**	32,557
	590,222	412,241

(b) As at 31 December 2016, bills payable are bills of exchange with maturity period ranging from 3 to 12 months (2015: ranged from 3 to 12 months).

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

37. OTHER PAYABLES AND ACCRUED CHARGES

	2016 RMB'000	2015 RMB'000
Salaries and staff welfare payable	**127,610**	39,795
VAT payable	**74,246**	113,977
Other taxes payable	**298,896**	338,392
Repairs and maintenance expense payable	**75,770**	21,697
Insurance expense payable	**5,285**	2,592
Discharge fees payable	**5,705**	10,209
Reservoir maintenance and usage fees payables	**20,059**	182,036
Interest payable	**99,198**	70,075
Current portion of provisions for other long-term liabilities (Note 35)	**134,230**	118,582
Other payables and accrued operating expenses	**413,294**	355,985
	1,254,293	1,253,340

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to cash generated from operations

	2016 RMB'000	2015 RMB'000
Profit before taxation	**3,994,128**	6,553,024
Share of profits of associates	**(540,353)**	(740,551)
Share of profits of joint ventures	**(150,158)**	(146,114)
Finance income	**(21,005)**	(42,866)
Finance costs	**2,067,966**	2,238,296
Dividend income	**(95,543)**	(95,343)
Depreciation of property, plant and equipment	**3,282,133**	3,033,403
Impairment of property, plant and equipment	**–**	324,277
Impairment of interest in a joint venture	**–**	156,370
Amortization of prepaid lease payments	**17,987**	16,040
Amortization of deferred income	**(10,958)**	(2,317)
Loss on disposal of property, plant and equipment, net	**9,358**	196,650
Gain on disposal of available-for-sale financial assets	**–**	(1,175,193)
Fair value gain on derivative financial instruments	**(105,631)**	(61,083)
Impairment of inventories	**–**	7,075
Operating profit before working capital changes	**8,447,924**	10,261,668
Increase in accounts receivable	**(447,182)**	(398,808)
(Increase)/decrease in prepayments, deposits and other receivables	**(205,118)**	228,709
(Increase)/decrease in inventories	**(91,591)**	167,422
Changes in balances with related parties	**98,502**	377,222
Increase of derivative financial instruments	**–**	(141,757)
Increase/(decrease) in accounts and bills payables	**857,887**	(482,305)
Increase in other payables and accrued charges	**330,969**	520,800
Increase in deferred income	**36,110**	–
Decrease in provisions for early retirement benefits	**–**	(1,705)
Cash generated from operations	**9,027,501**	10,531,246

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in financing during the year

	Bank borrowings and other borrowings RMB'000	Borrowings from related parties RMB'000	Obligations under finance leases RMB'000	Non-controlling interests RMB'000
At 1 January 2016	**38,287,806**	**3,017,311**	**1,382,668**	**6,905,271**
Drawdown of bank borrowings	**17,026,831**	–	–	–
Proceeds from issue of short-term debentures and commercial paper	**2,500,000**	–	–	–
Repayment of bank borrowings	**(16,401,938)**	–	–	–
Repayment of other borrowings	**(500,000)**	–	–	–
Interest element for corporate bonds	**984**	–	–	–
Drawdown of borrowings from related parties	–	**3,782,000**	–	–
Repayment of borrowings from related parties	–	**(1,335,800)**	–	–
Payments for obligations under finance leases	–	–	**(271,970)**	–
Interest element for obligations under finance leases	–	–	**70,617**	–
Contributions from non-controlling shareholders of subsidiaries	–	–	–	**170,000**
Profit attributable to non-controlling interests	–	–	–	**889,619**
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	**(637,049)**
Exchange losses, net	**176,341**	–	–	–
At 31 December 2016	**41,090,024**	**5,463,511**	**1,181,315**	**7,327,841**

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in financing during the year *(Continued)*

	Bank borrowings and other borrowings RMB'000	Borrowings from related parties RMB'000	Obligations under finance leases RMB'000	Non-controlling interests RMB'000
At 1 January 2015	40,416,421	3,855,111	1,277,121	5,385,992
Drawdown of bank borrowings	11,415,483	–	–	–
Proceeds from issue of short-term debentures	500,000	–	–	–
Repayment of bank borrowings	(12,142,030)	–	–	–
Repayment of other borrowings	(1,300,000)	–	–	–
Interest element for convertible bonds	8,783	–	–	–
Interest element for corporate bonds	940	–	–	–
Drawdown of borrowings from related parties	–	1,093,295	–	–
Repayment of borrowings from related parties	–	(1,931,095)	–	–
Payments for obligations under finance leases	–	–	(161,491)	–
Interest element for obligations under finance leases	–	–	72,518	–
New finance lease (note (c))	–	–	194,520	–
Contributions from non-controlling shareholders of subsidiaries	–	–	–	599,603
Profit attributable to non-controlling interests	–	–	–	1,180,580
Acquisition of non-controlling interests	–	–	–	(43,043)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	(217,861)
Exchange losses, net	129,846	–	–	–
Conversion of convertible bonds	(741,637)	–	–	–
At 31 December 2015	38,287,806	3,017,311	1,382,668	6,905,271

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Major non-cash transactions

For the year ended 31 December 2016, trade payables and amounts due to related parties of RMB509,983,000 (2015: RMB570,255,000) and RMB229,141,000 (2015: RMB139,000,000) respectively have been settled through notes receivables endorsed to the relevant suppliers.

For the year ended 31 December 2015, all remaining convertible bonds issued by the Company in 2012 were fully converted. An aggregated amount of RMB741,637,000 was converted into 449,045,616 new shares which resulted in an increase in share capital of RMB804,000,000. These shares rank pari passu in all respects with the existing shares.

For the year ended 31 December 2015, The Group entered into a finance lease agreement to acquire property, plant and equipment amounted to RMB194,520,000.

39. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 22 June 2016, the Group acquired certain assets and liabilities through acquisition of 100% equity interest in China Power (Shangqiu) Thermal Power Company Limited (formerly known as "Shangqiu Minsheng Thermal Power Company Limited") ("Shangqiu Power Plant") from an independent third party at a cash consideration of RMB114,629,000.

At the acquisition date, Shangqiu Power Plant was still under preliminary development stage, therefore, the Directors are of the opinion that Shangqiu Power Plant does not constitute a business as defined in HKFRS 3 "Business Combination", and the acquisition was accounted for as acquisition of assets rather than business combination. Accordingly, the difference between the acquisition consideration and the carrying amounts of net assets acquired is allocated into individual identifiable assets and liabilities based on their respective fair values at the acquisition date.

The fair values of net assets acquired at acquisition date were as follows:

	RMB'000
Property, plant and equipment (Note 14)	**137,316**
Prepayments for construction of power plants	**17,711**
Construction costs payable	**(18,718)**
Other payables and accrued charges	**(21,680)**
Net assets acquired	**114,629**
Total consideration satisfied by cash	**114,629**
Net cash outflow arising from acquisition	**114,629**

40. COMMITMENTS

(a) Capital commitments

	2016 RMB'000	2015 RMB'000
Contracted but not provided for in respect of		
— property, plant and equipment	**11,977,684**	6,398,606
— capital contribution to associates	**227,313**	187,313
	12,204,997	6,585,919

(b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 RMB'000	2015 RMB'000
Land and buildings		
— Within one year	**49,402**	43,284
— Between one and five years	**77,594**	91,773
— Over five years	**131,562**	22,230
	258,558	157,287

Future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	2016 RMB'000	2015 RMB'000
Property, plant and equipment		
— Within one year	**55,790**	57,013
— Between one and five years	**57,048**	109,083
	112,838	166,096

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to JPY, HK$ and USD.

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk. Other than certain bank and other borrowings, and certain cash and cash equivalents, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB.

As at 31 December 2016, the Group was exposed to foreign exchange risk primarily with respect to certain bank borrowings which were denominated in JPY and USD, commercial notes which were denominated in USD, and certain cash and cash equivalents which were denominated in USD and HK$, details of which have been disclosed in Note 31, Note 33(d) and Note 28 respectively.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates. Management also used certain derivative financial instruments to manage foreign exchange exposures. As at 31 December 2016, the Group had certain derivative financial instruments mainly to sell RMB for USD, details of which have been disclosed in Note 22.

RMB experienced certain depreciation against JPY, HK$ and USD during the year which is the major reason for the exchange losses recognized by the Group for the year. Further exchange rate fluctuation of JPY, HK$ and USD against RMB will affect the Group's financial position and results of operations.

As at 31 December 2016, if RMB had weakened/strengthened by 5% (2015: 5%) against JPY, with all other variables held constant, the Group's post-tax profit for the year would have been RMB14,277,000 lower/higher (2015: RMB13,494,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of JPY denominated borrowings.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Financial risk factors *(Continued)*

(a) Foreign exchange risk *(Continued)*

As at 31 December 2016, if RMB had weakened by 5% (2015: 5%) against USD, with all other variables held constant, post-tax profit for the year would have been RMB24,569,000 lower (2015: RMB7,464,000 lower), which is the combined results of net foreign exchange losses on translation of USD denominated borrowings and bank deposits, and fair value gain on derivative financial instruments.

As at 31 December 2016, if RMB had strengthened by 5% (2015: 5%) against USD, with all other variables held constant, post-tax profit for the year would have been RMB23,294,000 higher (2015: RMB14,214,000 higher), which is the combined results of net foreign exchange gains on translation of USD denominated borrowings and bank deposits, and fair value loss on derivative financial instruments.

As at 31 December 2016, if RMB had weakened/strengthened by 5% (2015: 5%) against HK$, with all other variables held constant, post-tax profit for the year would have been RMB2,836,000 higher/lower (2015: RMB3,359,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of HK$ denominated bank deposits.

In the Group management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(b) Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing assets mainly include amounts due from an associate, amounts due from a fellow subsidiary, cash at banks and deposits at CPIF, details of which have been disclosed in Notes 27 and 28. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in Notes 31 to 33. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Group to fair value interest rate risk, details of which have been disclosed in Notes 31 to 33. The Group has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China interest rate arising from the Group's RMB denominated floating rate bank borrowings.

As at 31 December 2016, if the interest rates on bank borrowings and borrowings from related parties had been 50 basis points (2015: 50 basis points) higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year (net of interest capitalized) would have been RMB98,281,000 lower/higher (2015: RMB89,954,000 lower/higher) mainly as a result of higher/lower interest expense on floating rate bank borrowings and borrowings from related parties.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Financial risk factors *(Continued)*

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group which are classified as available-for-sale financial assets. Most of the Group's available-for-sale financial assets are publicly traded. However, the Group does not trade these investments as such investments are held for strategic rather than trading purpose. The stock market is relatively more volatile in recent years. As at 31 December 2016, if the quoted market price of the equity investments held by the Group had increased/decreased by 10% to 30% (2015: 10% to 30%), with all other variables held constant, the results of the Group would have been unaffected as these investments are classified as available-for-sale and no investments had been considered impaired; and equity would have been RMB330,778,000 to RMB992,334,000 (2015: RMB401,075,000 to RMB1,203,225,000) higher/lower, mainly as a result of the changes in fair value of available-for-sale financial assets.

The Group also exposes to commodity price risk mainly in relation to the coal price. The Group manages such risk by entering into certain bulk purchase agreements with coal suppliers.

(d) Credit risk

The Group's credit risk primarily arises from cash at banks and deposits at CPIF (Note 28), accounts receivable (Note 26), amounts due from related parties (Note 27), and deposits and other receivables.

Substantially all of the Group's cash at banks and deposits of CPIF are held in major financial institutions, which management believes are of high credit quality. Management does not expect any losses from non-performance by these counterparties.

The Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Group's sales of electricity were made to regional and provincial power grid companies. The Group normally grants credit terms ranging from 15 to 90 days to these power grid companies and the Group normally does not require collaterals from trade debtors. Ageing analysis of the Group's accounts receivable is disclosed in Note 26. Management does not expect any losses from non-performance by these counterparties.

Management makes periodic collective assessment as well as individual assessment on the recoverability of all loans and receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of loans and receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Financial risk factors *(Continued)*

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities.

The Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources, borrowings from holding companies and fellow subsidiaries, and short-term and long-term bank and other borrowings.

As at 31 December 2016, the net current liabilities of the Group amounted to RMB15,427,730,000. Management monitors regularly the Group's current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of facilities to meet its working capital requirements. As at 31 December 2016, the Group had available unutilized facilities from banks, from a related party and from short-term commercial paper amounting to approximately RMB23,344,193,000 as disclosed in Notes 31(f), 32(e) and 33(e) respectively, and will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable.

The Directors believe that the Group's current operating cash flows, the above mentioned credit facilities and alternative sources of financing are sufficient for financing its capital commitments in the near future and for working capital purposes.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Financial risk factors *(Continued)*

(e) Liquidity risk *(Continued)*

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows.

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000
At 31 December 2016				
Payables and accruals	**4,530,039**	**–**	**–**	**–**
Amounts due to related parties	**846,012**	**–**	**–**	**–**
Bank borrowings	**10,176,437**	**7,548,753**	**10,246,210**	**18,554,260**
Borrowings from related parties	**708,518**	**4,046,022**	**1,079,866**	**8,340**
Other borrowings	**6,721,903**	**47,079**	**1,061,550**	**–**
Obligations under finance leases	**490,299**	**368,036**	**385,323**	**73,939**
At 31 December 2015				
Payables and accruals	4,788,322	–	–	–
Amounts due to related parties	694,179	–	–	–
Bank borrowings	8,509,539	5,775,802	13,091,049	21,740,854
Borrowings from related parties	858,505	120,233	2,392,557	10,659
Other borrowings	2,601,282	2,077,941	1,057,748	–
Obligations under finance leases	283,499	490,299	713,779	113,519

41.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, and sell assets to reduce debt or to obtain bank and other borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including current and non-current borrowings as well as obligations under finance leases as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "Total equity", as shown in the consolidated statement of financial position, plus net debt.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.2 Capital risk management *(Continued)*

The table below analyzes the Group's capital structure.

	2016 RMB'000	2015 RMB'000
Bank borrowings (Note 31)	**33,510,410**	32,842,196
Borrowings from related parties (Note 32)	**5,463,511**	3,017,311
Other borrowings (Note 33)	**7,579,614**	5,445,610
Obligations under finance leases (Note 34)	**1,181,315**	1,382,668
Less: Cash and cash equivalents (Note 28)	**(1,809,415)**	(1,528,017)
Net debt	**45,925,435**	41,159,768
Total equity	**34,594,834**	34,225,799
Total capital	**80,520,269**	75,385,567
Gearing ratio	**57%**	55%

41.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into 3 levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2016				
Available-for-sale financial assets				
— equity securities	**4,410,367**	**–**	**–**	**4,410,367**
Derivative financial instruments	**–**	**–**	**308,471**	**308,471**
At 31 December 2015				
Available-for-sale financial assets				
— equity securities	5,347,661	–	–	5,347,661
Derivative financial instruments	–	–	202,840	202,840

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the year. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investments classified as available-for-sale.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to determine the fair value of financial instruments in level 3 include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis and option pricing model.

The following table presents the changes in derivative financial instruments — assets:

	2016 **RMB'000**	2015 RMB'000
At 1 January	**202,840**	–
Addition	**–**	141,757
Fair value gain recognized in the consolidated income statement (Note 7)	**105,631**	61,083
At 31 December	**308,471**	202,840

42. RELATED PARTY TRANSACTIONS

The Group is controlled by CPIH, an intermediate holding company which directly holds approximately 28.47% (2015: 28.21%) of the Company's shares, and indirectly holds approximately 27.14% (2015: 27.14%) of the Company's shares through CPDL. As at 31 December 2016, CPIH owned approximately 55.61% (2015: 55.35%) equity interest of the Company in aggregate. The Directors regard SPIC, a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPIH, as the ultimate holding company.

SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in these consolidated financial statements.

Major related parties that had transactions with the Group were as follows:

Related parties	Relationship with the Company
SPIC (國家電投)	Ultimate holding company
CPIH (中電國際)	Intermediate holding company
CPDL	Immediate holding company
CPIF (中電投財務)	A company controlled by SPIC
Shanghai Power (上海電力) and its subsidiaries	Companies controlled by SPIC
SPIC Henan Electric Power Co., Ltd. (國家電投集團河南電力有限公司) and its subsidiaries	Companies controlled by SPIC
State Power Investment Corporation Yuanda Environmental Protection Co., Ltd. (國家電投集團遠達環保工程有限公司) and its subsidiaries	Companies controlled by SPIC
SPIC Jiangxi Electric Power Co., Ltd. (國家電投集團江西電力有限公司) and its subsidiaries	Companies controlled by SPIC
Jilin Electric Power Co., Ltd. (吉林電力股份有限公司) and its subsidiaries	Companies controlled by SPIC
SPIC Ningxia Energy and Aluminum Engineering Co., Ltd. (國家電投集團寧夏能源鋁業有限公司) and its subsidiaries	Companies controlled by SPIC
SPIC Logistics Co., Ltd. (國家電投集團物流有限責任公司) (formerly known as CPI Logistics Co., Ltd. (中電投物流有限責任公司))	A company controlled by SPIC
Shanghai Power Equipment Research Institute (上海發電設備成套設計研究院)	A company controlled by SPIC

42. RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties	Relationship with the Company
China Power Complete Equipment Co., Ltd. (中國電能成套設備有限公司) and its subsidiaries	Companies controlled by SPIC
CPI Science and Technology Research Institute Company Limited (中電投科學技術研究院有限公司)	A company controlled by SPIC
CPI Information Technology Co., Ltd. (中電投信息技術有限公司)	A company controlled by SPIC
SPIC Yunnan International Power Investment Co., Ltd. (國家電投集團雲南國際電力投資有限公司) and its subsidiaries	Companies controlled by SPIC
SPIC Sichuan Electric Power Co., Ltd. (國家電投集團四川電力有限公司) and its subsidiaries	Companies controlled by SPIC
SPIC Capital Holding Company (國家電投資本控股公司)	A company controlled by SPIC
CPI Insurance Brokers Co., Ltd. (中電投保險經紀有限公司)	A company controlled by SPIC
CPI Power Engineering Co., Ltd. (中電投電力工程有限公司)	A company controlled by SPIC
Shanghai SNERDI Engineering Consulting Co., Ltd. (上海斯耐迪工程諮詢有限公司)	A company controlled by SPIC
State Nuclear Electric Power Planning Design & Research Institute Co., Ltd.(國核電力規劃設計研究院有限公司)	A company controlled by SPIC
SPIC Xinjiang Energy and Chemical Industry Company Limited (國家電投集團新疆能源化工有限責任公司) and its subsidiaries	Companies controlled by SPIC
State Power Investment Corporation Overseas Investment Limited (國家電力投資集團海外投資有限公司)	A company controlled by SPIC
Liaoning Qinghe Electric Power Company Limited (遼寧清河發電有限責任公司) (note)	A company controlled by SPIC
Shanxi Shentou Electric Industry Company Limited (山西神頭電力實業有限責任公司)	A fellow subsidiary
Anhui Huainan Pingwei Electric Power Industry Company Limited (安徽淮南平圩電力實業有限責任公司)	A fellow subsidiary
Pingdingshan Yaomeng Power Industrial Co., Ltd. (平頂山姚孟電力實業有限責任公司)	A fellow subsidiary
Guizhou Qian Dong Power Corporation (貴州黔東電力有限公司)	A fellow subsidiary

42. RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties	Relationship with the Company
CPIH New Energy Holdings Company Limited (中電國際新能源控股有限公司) and its subsidiaries	Fellow subsidiaries
China Power (Sihui) Thermal Electric Company Limited (中電（四會）熱電有限責任公司)	A fellow subsidiary
Beijing China Power Environmental Engineering Company Limited (北京中電環境工程有限公司) and its subsidiaries	Fellow subsidiaries
China Power New Energy Development Company Limited (中國電力新能源發展有限公司) and its subsidiaries	Fellow subsidiaries
China Power Maintenance Engineering Company Limited (中電電力檢修工程有限公司) and its subsidiaries	Fellow subsidiaries
Suzhou Tianhe Electric Power Engineering Co., Ltd. (蘇州天河中電電力工程技術有限公司)	A fellow subsidiary
Changshu Power Plant (常熟電廠)	An associate
Guangzhou China Power Lixin Industry Company Limited (廣州中電荔新電力實業有限公司)	A joint venture
Henan Zhongping Coal & Electricity Co., Ltd. (河南中平煤電有限責任公司)	A joint venture
Hunan Xiangtou International Investment Limited (湖南湘投國際投資有限公司)	A non-controlling shareholder of a subsidiary
Huainan Mining Industry (Group) Company Limited (淮南礦業（集團）有限責任公司)	A non-controlling shareholder of subsidiaries
China Coal Energy Company Limited (中國中煤能源股份有限公司) and its subsidiaries	A non-controlling shareholder of a subsidiary

Note: Liaoning Qinghe Electric Power Company Limited is changed from a fellow subsidiary to a company controlled by SPIC since 29 June 2016.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these consolidated financial statements. Management of the Group is of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(a) Income

	Note	2016 RMB'000	2015 RMB'000
Interest income from:			
— CPIF	(i)	**859**	78
— a fellow subsidiary	(i)	**89**	–
— an associate	(i)	**4,602**	2,900
Dividend income from Shanghai Power	(ii)	**90,823**	90,823
Dividend income from CPIF	(ii)	**4,720**	4,520
Management fee income from CPIH	(iii)	**5,888**	10,304
Rental income from a fellow subsidiary	(iv)	**54,110**	54,110
Income from provision of repairs and maintenance services to:	(iv)		
— companies controlled by SPIC		**8,930**	5,905
— fellow subsidiaries		**3,324**	5,914
— an associate		**377**	–
Income from provision of IT and other services to:	(iv)		
— SPIC		**385**	–
— CPIH		**–**	189
— companies controlled by SPIC		**22,397**	–
— fellow subsidiaries		**4,814**	7,012
— an associate		**1,642**	1,160
Sales of coal, coal by-products and spare parts to:	(iv)		
— companies controlled by SPIC		**18,910**	–
— fellow subsidiaries		**61,134**	139,467
— an associate		**71,784**	78,470
Sales of unused power production quota to companies controlled by SPIC	(iv)	**–**	4,971
Provision of power generation and related services to fellow subsidiaries	(iv)	**1,028**	1,373

Notes:

(i) Interest income from CPIF, a fellow subsidiary and an associate was charged ranging from 0.35% to 1.35% (2015: 0.35%) per annum, 4.35% per annum (2015: Nil) and ranging from 1.75% to 3.92% (2015: ranged from 1.75% to 5.60%) per annum respectively.

(ii) Dividend income from Shanghai Power and CPIF was recognized based on dividends declared by the respective board of directors in proportion to the Group's interest in these companies.

(iii) Management fee income was charged for managing a power plant on behalf of CPIH by the Group. This was charged in accordance with the terms of the relevant agreements.

(iv) These incomes were charged in accordance with the terms of the relevant agreements.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Expenses

	Note	2016 RMB'000	2015 RMB'000
Purchases of coal, coal by-products and spare parts from:	(i)		
— companies controlled by SPIC		**43,510**	103,644
— fellow subsidiaries		**73,054**	69,119
— a joint venture		**34,610**	32,647
— non-controlling shareholders of subsidiaries		**3,647,929**	3,362,582
Construction costs and other services fees to:	(ii)		
— companies controlled by SPIC		**203,483**	19,778
— fellow subsidiaries		**193,477**	226,662
Interest expenses to:	(iii)		
— SPIC		**182,372**	164,148
— CPIH		**1,894**	2,923
— CPIF		**16,438**	6,004
— fellow subsidiaries		**14,736**	14,263
Operating lease rental expenses in respect of leasehold land and buildings:	(iv)		
— SPIC		**17,061**	17,061
— CPIH		**18,837**	18,183
Purchase of unused power production quota from a company controlled by SPIC	(v)	**336**	32,221

Notes:

(i) Purchases of coal, coal by-products and spare parts were charged in accordance with the terms of the relevant agreements.

(ii) Construction costs and other services fees were mainly related to construction services, repairs and maintenance services, transportation services and other services which were charged based on mutually agreed prices.

(iii) Interest expenses to SPIC, CPIH, CPIF and fellow subsidiaries were charged at interest rates ranging from 2.88% to 5.60% (2015: ranged from 4.93% to 6.40%) per annum, 1.75% (2015: ranged from 1.75% to 3.00%) per annum, ranging from 3.92% to 4.75% (2015: ranged from 4.41% to 5.60%) per annum and 4.35% (2015: ranged from 4.35% to 5.60%) per annum respectively.

(iv) Operating lease rental expenses in respect of leasehold land and buildings were charged in accordance with the terms of the relevant agreements.

(v) Purchase of unused power production quota was charged in accordance with the terms of the relevant agreements.

(c) Year-end balances with related parties

Year-end balances with related parties are disclosed in Notes 27, 28 and 32.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) For the years ended 31 December 2016 and 2015, the Group's significant transactions and balances with entities that are controlled, jointly-controlled or significantly influenced by the PRC government mainly include:

(i) bank deposits in state-owned banks and the related interest income

(ii) bank borrowings from state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) purchases of coal from state-owned enterprises and the related payables

(v) reservoir maintenance and usage fees to the PRC government

(vi) service fees to state-owned enterprises

(vii) compensation for inundation to the PRC government

The prices and terms of these transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

(e) Key management personnel compensation

	2016 RMB'000	2015 RMB'000
Fees, basic salaries, housing allowance, other allowances and benefits in kind, discretionary bonuses, employer's contribution to pension scheme and other benefits	**8,253**	9,052

(f) Guarantees issued by related parties as at 31 December 2016 and 2015 are set out in Note 33(b).

(g) Purchases of property, plant and equipment

	2016 RMB'000	2015 RMB'000
Purchases of property, plant and equipment from fellow subsidiaries	**–**	71,946

Note:

Purchases of property, plant and equipment from fellow subsidiaries in 2015 were charged in accordance with the terms of the relevant agreements.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2016 and 2015:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest		Type of legal entity	Principal activities
			Held by the Company	Held by subsidiaries		
安徽淮南平圩發電有限責任公司 (Anhui Huainan Pingwei Electric Power Company Limited)	The PRC	RMB841,600,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
淮南平圩第二發電有限責任公司 (Huainan Pingwei No. 2 Electric Power Co., Ltd.)	The PRC	USD104,153,000	75%	–	Sino-foreign equity joint venture	Generation and sale of electricity
淮南平圩第三發電有限責任公司 (Huainan Pingwei No. 3 Electric Power Co., Ltd.)	The PRC	RMB1,571,800,000/ RMB1,460,079,000	60%	–	Sino-foreign equity joint venture	Generation and sale of electricity
*黃岡大別山發電有限責任公司 (Huanggang Dabieshan Power Company Limited)	The PRC	RMB1,667,486,000/ RMB1,003,686,000	51%	–	Sino-foreign equity joint venture	Generation and sale of electricity
平頂山姚孟發電有限責任公司 (Pingdingshan Yaomeng Power Company Limited)	The PRC	RMB1,702,336,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
天澤發展有限公司 (Tianze Development Limited)	British Virgin Islands	USD1	100%	–	Limited liability company	Investment holding
五凌電力有限公司 (Wu Ling Power)	The PRC	RMB5,000,000,000	63%	–	Sino-foreign equity joint venture	Generation and sale of electricity
四川中電福溪電力開發有限公司 (Sichuan CPI Fuxi Power Company Limited)	The PRC	RMB968,000,000	51%	–	Sino-foreign equity joint venture	Generation and sale of electricity
中電恒源物流（北京）有限公司 (CPI Hengyuan Logistics (Beijing) Company Limited)	The PRC	HK$5,000,000	100%	–	Wholly foreign-owned enterprise	Provision of logistics services
中電國瑞物流有限公司 (China Power Guorui Logistics Company Limited)	The PRC	HK$123,000,000	100%	–	Wholly foreign-owned enterprise	Provision of logistics services
北京中電匯智科技有限公司 (Beijing China Power Huizhi Technology Company Limited)	The PRC	RMB20,000,000	51%	–	Sino-foreign equity joint venture	Provision of IT services
中電神頭發電有限責任公司 (China Power Shentou Power Generating Company Limited)	The PRC	RMB1,000,000,000/ RMB900,309,000	80%	–	Sino-foreign equity joint venture	Generation and sale of electricity
蕪湖發電有限責任公司 (Wuhu Electric Power Generating Company Limited)	The PRC	USD142,500,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
**中電（普安）發電有限責任公司 (China Power (Pu'an) Power Generating Company Limited)	The PRC	RMB600,000,000/ RMB480,178,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
中電華創電力技術研究有限公司 (China Power Hua Chuang Electric Power Technology Research Company Limited)	The PRC	RMB50,000,000	100%	–	Wholly foreign-owned enterprise	Provision of technical services in relation to generation of electricity
#*山西中電神頭第二發電有限責任公司 (Shanxi China Power Shentou No.2 Power Generating Company Limited)	The PRC	USD65,000,000/ USD30,540,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
鐵嶺中電光伏發電有限公司 (Tieling China Power Photovoltaic Power Generating Company Limited)	The PRC	RMB97,420,000/ RMB81,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
*淮南中電焦崗湖光伏發電有限責任公司 (Huainan China Power Jiaoganghu Photovoltaic Power Generating Company Limited)	The PRC	RMB123,012,000/ RMB101,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
*大同中電光伏發電有限公司 (Datong China Power Photovoltaic Power Generating Company Limited)	The PRC	RMB310,000,000/ RMB279,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
揚州中電綠洋湖光伏有限公司 (Yangzhou China Power Lvyanghu Photovoltaic Power Generating Company Limited)	The PRC	RMB25,000,000/ RMB15,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
*中電(江門)綜合能源有限公司 (China Power Jiangmen Comprehensive Energy Company Limited)	The PRC	RMB168,000,000/ RMB25,100,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
#大姚中電光伏發電有限公司 (Dayao China Power Photovoltaic Power Generating Company Limited)	The PRC	RMB135,000,000/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
#姚安中電光伏發電有限公司 (Yao'an China Power Photovoltaic Power Generating Company Limited)	The PRC	RMB135,000,000/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
*湖北中電智光新能源有限公司 (Hubei China Power Zhiguang New Energy Company Limited)	The PRC	RMB140,000,000/ RMB112,500,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
^#中電(商丘)熱電有限公司 China Power (Shangqiu) Thermal Power Company Limited	The PRC	RMB1,097,000,000/ RMB100,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
^#中電合肥能源有限公司 (China Power Hefei Energy Co., Ltd.)	The PRC	RMB100,000,000/ RMB20,000,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
^#中電(貴港)綜合能源有限公司 (China Power (Guigang) Comprehensive Energy Co., Ltd.)	The PRC	RMB293,400,000/ RMB5,000,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
^#中電(成都)綜合能源有限公司 China Power (Chengdu) Comprehensive Energy Co., Ltd.)	The PRC	RMB300,000,000/ RMB29,958,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
^#中電（貴安新區）配售電有限公司 (China Power (Guian New District) Power Sales and Distribution Company Limited)	The PRC	RMB200,000,000/ RMB2,000,000	100%	–	Wholly foreign-owned enterprise	Sale and distribution of electricity
^#中電（煙台）能源投資有限公司 (China Power (Yantai) Energy Investment Co., Ltd.)	The PRC	USD30,000,000/ USD11,000,000	100%	–	Wholly foreign-owned enterprise	Investment on comprehensive energy resources
^#新泰中電光伏發電有限公司 (Xintai China Power Photovoltaic Power Generating Co., Ltd.)	The PRC	RMB272,000,000/ RMB15,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
^#中電（宜州）熱電有限公司 (China Power Yizhou Thermal Power Company Limited)	The PRC	RMB861,300,000/ RMB15,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
^#芮城中電光伏發電有限公司 (Ruicheng China Power Photovoltaic Power Generating Co., Ltd.)	The PRC	RMB200,000,000/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
^#中電（龍門）光伏發電有限公司 (China Power (Longmen) Photovoltaic Power Generating Co., Ltd.)	The PRC	RMB25,000,000/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
山西神頭發電有限責任公司 (Shanxi Shentou Power Generating Company Limited)	The PRC	RMB501,681,000	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity
#*國家電投（蕪湖）售電有限公司 (SPIC (Wuhu) Power Sales Company Limited)	The PRC	RMB30,000,000	–	100%	Wholly foreign-owned enterprise	Investment on comprehensive energy resources
^蕪湖黃泥灘光伏發電有限公司 (Wuhu Huangnitan Photovoltaic Power Generating Company Limited)	The PRC	RMB35,000,000	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity
^#蕪湖陶辛光伏發電有限公司 (Wuhu Taoxin Photovoltaic Power Generating Co., Ltd.)	The PRC	RMB35,000,000/ Nil	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity
貴州清水江水電有限公司 (Guizhou Qingshuijiang Hydropower Co., Ltd.)	The PRC	RMB3,285,500,000	–	95%	Limited liability company	Generation and sale of electricity
懷化沅江電力開發有限責任公司 (Huaihua Yuanjiang Power Development Co., Ltd.)	The PRC	RMB3,800,000,000	–	100%	Limited liability company	Generation and sale of electricity
湖南五華酒店有限公司 (Hunan Wuhua Hotel Co., Ltd.)	The PRC	RMB162,100,000	–	70%	Sino-foreign equity joint venture	Hotel ownership and operation
#湖南五凌電力工程有限公司 (Hunan Wuling Engineering Co., Ltd.)	The PRC	RMB48,000,000	–	100%	Limited liability company	Provision of repair and maintenance services
#湖南湘中電力有限公司 (Hunan Xiangzhong Power Co., Ltd.)	The PRC	RMB50,000,000	–	95%	Limited liability company	Generation and sale of electricity

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	 Held by subsidiaries	Type of legal entity	Principal activities
理縣華成水電開發有限責任公司 (Lixian Huacheng Hydropower Development Company Limited)	The PRC	RMB122,818,420	–	100%	Limited liability company	Generation and sale of electricity
四川九源電力開發有限責任公司 (Sichuan Jiuyuan Electric Power Development Company Limited)	The PRC	RMB130,000,000	–	100%	Limited liability company	Generation and sale of electricity
張家界市土木溪水電開發有限公司 (Zhangjiajie Tumuxi Water Plant Co., Ltd.)	The PRC	RMB42,000,000	–	100%	Limited liability company	Generation and sale of electricity
四川紅葉電力有限責任公司 (Sichuan Hongye Electric Power Company Limited)	The PRC	RMB50,000,000	–	91%	Limited liability company	Generation and sale of electricity
四川興鐵電氣設備有限公司 (Sichuan Xingtie Electrical Equipment Company Limited)	The PRC	RMB46,000,000	–	70%	Limited liability company	Generation and sale of electricity
湖南五凌電力燃料有限公司 (Hunan Wuling Power Fuel Company Limited)	The PRC	RMB80,000,000	–	100%	Limited liability company	Provision of fuel purchase services
小金縣鑫鴻電力開發有限公司 (Xiaojinxian Xinhong Electric Power Development Company Limited)	The PRC	RMB46,000,000	–	100%	Limited liability company	Generation and sale of electricity
茶陵縣聯冠水電開發有限公司 (Chalingxian Lianguan Hydropower Development Company Limited)	The PRC	RMB25,080,000	–	100%	Limited liability company	Generation and sale of electricity
五凌托克遜電力有限公司 (Wuling Toksun Electric Power Co., Ltd.)	The PRC	RMB70,000,000	–	100%	Limited liability company	Generation and sale of electricity
五凌布爾津電力有限公司 (Wuling Burqin Electric Power Co., Ltd.)	The PRC	RMB70,000,000	–	100%	Limited liability company	Generation and sale of electricity
新龍縣西達水電開發有限公司 (Xinlongxian Xida Hydropower Development Co., Ltd.)	The PRC	RMB20,000,000	–	65%	Limited liability company	Generation and sale of electricity
五凌汝城電力有限公司 (Wuling Rucheng Electric Power Co., Ltd.)	The PRC	RMB86,000,000	–	100%	Limited liability company	Generation and sale of electricity
* 五凌鄯善電力有限公司 (Wuling Shanshan Electric Power Co., Ltd.)	The PRC	RMB140,000,000	–	100%	Limited liability company	Generation and sale of electricity
五凌臨湘電力有限公司 (Wuling Linxiang Electric Power Co., Ltd.)	The PRC	RMB93,000,000	–	100%	Limited liability company	Generation and sale of electricity

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Type of legal entity	Principal activities
張家界土木溪水廠有限公司 (Zhangjiajie Tumuxi Hydropower Plant Co., Ltd.)	The PRC	RMB14,000,000	–	100%	Limited liability company	Generation and sale of water
五凌吐魯番新能源運營服務有限公司 (Wuling Tulufan New Energy Business Service Co., Ltd.)	The PRC	RMB10,000,000/ RMB7,000,000	–	100%	Limited liability company	Provision of repair and maintenance services
#*五凌永順電力有限公司 (Wuling Yongshun Electric Power Co., Ltd.)	The PRC	RMB88,000,000	–	100%	Limited liability company	Generation and sale of electricity
#五凌青河電力有限公司 Wuling Qinggil Electric Power Co., Ltd.)	The PRC	RMB36,000,000	–	100%	Limited liability company	Generation and sale of electricity
#*五凌新邵電力有限公司 (Wuling Xinshao Electric Power Co., Ltd.)	The PRC	RMB88,000,000	–	100%	Limited liability company	Generation and sale of electricity
#*五凌攸縣電力有限公司 (Wuling Youxian Electric Power Co., Ltd.)	The PRC	RMB88,000,000/ RMB10,000,000	–	100%	Limited liability company	Generation and sale of electricity
#*五凌桃江電力有限公司 (Wuling Taojiang Electric Power Co., Ltd.)	The PRC	RMB88,000,000/ RMB17,600,000	–	100%	Limited liability company	Generation and sale of electricity
#古浪縣雍和新能源投資有限責任公司 (Gulangxian Yonghe New Energy Investment Co., Ltd.)	The PRC	RMB167,000,000/ RMB144,800,000	–	70%	Limited liability company	Generation and sale of electricity
#五凌華寧電力有限公司 (Wuling Huaning Electric Power Co., Ltd.)	The PRC	RMB88,000,000/ RMB25,958,000	30%	70%	Sino-foreign equity joint venture	Generation and sale of electricity
#廣元中電投電力有限公司 (Guangyuan CPI Electric Power Co., Ltd.)	The PRC	RMB88,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity
#五凌商都電力有限公司 (Wuling Shangdu Electric Power Co., Ltd.)	The PRC	RMB20,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity
#五凌新疆達阪城電力有限公司 (Wuling Xinjiang Dabancheng Electric Power Co., Ltd.)	The PRC	RMB70,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity
#五凌富蘊電力有限公司 (Wuling Fuyun Electric Power Co., Ltd.)	The PRC	RMB70,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity
#五凌炎陵電力有限公司 (Wuling Yanling Electric Power Co., Ltd.)	The PRC	RMB88,000,000/ RMB12,000,000	–	100%	Limited liability company	Generation and sale of electricity

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
^#湖南省鴻兆風力發電有限公司 (Hunan Province Hongzhao Wind Power Co., Ltd.)	The PRC	RMB85,000,000/ RMB66,500,000	–	70%	Limited liability company	Generation and sale of electricity
^#五凌邵東電力有限公司 (Wuling Shaodong Electric Power Co., Ltd.)	The PRC	RMB88,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity
^#五凌電力湖南能源銷售有限公司 (Wuling Electric Hunan Energy Sales Co., Ltd.)	The PRC	RMB210,000,000/ Nil	–	100%	Limited liability company	Sales of energy
^#五凌新化電力有限公司 (Wuling Xinhua Electric Power Co., Ltd.)	The PRC	RMB125,000,000/ RMB9,000,000	–	100%	Limited liability company	Generation and sale of electricity
^#五凌新田電力有限公司 (Wuling Xintian Electric Power Co., Ltd.)	The PRC	RMB32,000,000/ RMB1,000,000	–	100%	Limited liability company	Generation and sale of electricity
^#五凌江永電力有限公司 (Wuling Jiangyong Electric Power Co., Ltd.)	The PRC	RMB100,000,000	–	70%	Limited liability company	Generation and sale of electricity
^#五凌雙峰電力有限公司 (Wuling Shuangfeng Electric Power Co., Ltd.)	The PRC	RMB80,000,000/ RMB1,700,000	–	70%	Limited liability company	Generation and sale of electricity
^#五凌石門電力有限公司 (Wuling Shimen Electric Power Co., Ltd.)	The PRC	RMB37,200,000/ RMB500,000	–	100%	Limited liability company	Generation and sale of electricity
^#洛陽華美電力有限公司 (Luoyang Huamei Electric Power Co., Ltd.)	The PRC	RMB32,000,000/ RMB22,400,000	–	70%	Limited liability company	Generation and sale of electricity
^#新平風能風之子風電有限公司 (Xinping Wind Power Fengzhizi Wind Electric Power Co., Ltd.)	The PRC	RMB80,000,000/ RMB16,000,000	–	51%	Limited liability company	Generation and sale of electricity
^#五凌新巴爾虎左旗電力有限公司 (Wuling Xin Barag Left Banner Electric Power Co., Ltd.)	The PRC	RMB80,000,000/ RMB20,000,000	–	100%	Limited liability company	Generation and sale of electricity
^#高唐縣嘉投新能源有限公司 (Gaotang Jiatou New Energy Co., Ltd.)	The PRC	RMB34,000,000/ RMB30,600,000	–	70%	Limited liability company	Generation and sale of electricity
^湖南五凌電力科技有限公司 (Hunan Wuling Electric Technology Co., Ltd.)	The PRC	RMB48,000,000/ RMB10,000,000	–	100%	Limited liability company	Provision of technical services in relation to generation of electricity
^#湘潭威泰光伏發電有限公司 (Xiangtan Weitai Photovoltaic Power Generation Co. Ltd.)	The PRC	RMB80,000,000/ RMB1,700,000	–	70%	Limited liability company	Generation and sale of electricity

^ These subsidiaries were newly set up/acquired in 2016.

The power plant is under development.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

* During the year ended 31 December 2016, there were changes in the registered/paid up capital of the following principal subsidiaries:

	Registered/paid up capital 2016	2015
Huanggang Dabieshan Power Company Limited	**RMB1,667,486,000/ RMB1,003,686,000**	RMB815,526,000
China Power (Pu'an) Power Generating Company Limited	**RMB600,000,000/ RMB480,178,000**	RMB600,000,000/ RMB200,178,000
Shanxi China Power No.2 Power Generating Company Limited	**USD65,000,000/ USD30,540,000**	USD20,000,000/ USD3,130,000
Huainan China Power Jiaoganghu Photovoltaic Power Generating Company Limited	**RMB123,012,000/ RMB101,000,000**	RMB56,100,000/ Nil
Datong China Power Photovoltaic Power Generating Company Limited	**RMB310,000,000/ RMB279,000,000**	RMB200,000,000/ RMB155,000,000
China Power Jiangmen Comprehensive Energy Company Limited	**RMB168,000,000/ RMB25,100,000**	RMB168,000,000/ RMB2,600,000
Hubei China Power Zhiguang New Energy Company Limited	**RMB140,000,000/ RMB112,500,000**	RMB140,000,000/ Nil
SPIC (Wuhu) Power Sales Company Limited	**RMB30,000,000**	RMB30,000,000/ Nil
Wuling Shanshan Electric Power Co., Ltd.	**RMB140,000,000**	RMB70,000,000
Wuling Yongshun Electric Power Co., Ltd.	**RMB88,000,000**	RMB88,000,000/ RMB35,200,000
Wuling Xinshao Electric Power Co., Ltd.	**RMB88,000,000**	RMB88,000,000/ RMB83,000,000
Wuling Youxian Electric Power Co., Ltd.	**RMB88,000,000/ RMB10,000,000**	RMB88,000,000/ RMB4,500,000
Wuling Taojiang Electric Power Co., Ltd.	**RMB88,000,000/ RMB17,600,000**	RMB88,000,000/ RMB6,000,000

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests

The total non-controlling interests as at 31 December 2016 were RMB7,327,841,000 (2015:RMB6,905,271,000), of which RMB4,596,693,000 (2015: RMB4,244,034,000) was for Wu Ling Power and its subsidiaries (collectively, the "Wu Ling Group"). The total comprehensive income attributable to non-controlling interests for the year ended 31 December 2016 is RMB889,619,000 (2015:RMB1,180,580,000), of which RMB673,671,000 (2015:RMB709,103,000) is for Wu Ling Group.

The non-controlling interests in respect of the rest of entities with non-controlling interests were individually not material. Set out below are the summarized financial information for Wu Ling Group.

Summarized consolidated statement of financial position

	Wu Ling Group	
	2016	2015
	RMB'000	RMB'000
Non-current assets	**40,232,254**	39,336,418
Current assets	**1,090,099**	1,184,920
Non-current liabilities	**(21,348,859)**	(21,131,366)
Current liabilities	**(7,230,160)**	(7,707,266)
Net assets	**12,743,334**	11,682,706
Non-controlling interests within Wu Ling Group	**(319,840)**	(212,343)
Net assets attributable to owners of Wu Ling Power	**12,423,494**	11,470,363
Non-controlling interests of Wu Ling Power (at 37%)	**4,596,693**	4,244,034

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

Summarized consolidated income statement and consolidated statement of comprehensive income

	Wu Ling Group	
	2016	2015
	RMB'000	RMB'000
Revenue	**5,615,119**	5,690,118
Profit before taxation	**2,397,543**	2,321,924
Income tax expense	**(547,153)**	(369,323)
Profit and total comprehensive income for the year	**1,850,390**	1,952,601
Total comprehensive income for the year attributable to non-controlling interests within Wu Ling Group	**(29,657)**	(36,105)
Total comprehensive income for the year attributable to owners of Wu Ling Power	**1,820,733**	1,916,496
Total comprehensive income allocated to non-controlling interests of Wu Ling Power (at 37%)	**673,671**	709,103

Summarized consolidated statement of cash flows

	Wu Ling Group	
	2016	2015
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	**4,574,458**	3,905,518
Interest paid	**(1,080,391)**	(1,411,345)
PRC income tax paid	**(533,432)**	(475,457)
Net cash generated from operating activities	**2,960,635**	2,018,716
Net cash used in investing activities	**(2,642,755)**	(2,234,660)
Net cash (used in)/generated from financing activities	**(599,081)**	248,857
Net (decrease)/increase in cash and cash equivalents	**(281,201)**	32,913
Cash and cash equivalents at 1 January	**362,725**	329,812
Cash and cash equivalents at 31 December	**81,524**	362,725

The financial information presented above is before inter-company eliminations.

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**977**	3,200
Investments in subsidiaries	**13,044,851**	11,832,383
Interests in associates	**1,680,376**	1,401,991
Interests in joint ventures	**372,504**	372,504
Available-for-sale financial assets	**4,410,367**	5,347,661
Loans to subsidiaries	**4,250,000**	4,750,000
Derivative financial instruments	**–**	202,840
	23,759,075	23,910,579
Current assets		
Loans to subsidiaries	**5,567,195**	4,201,369
Prepayments, deposits and other receivables	**5,935**	2,805
Amounts due from related parties	**459,151**	55,409
Amounts due from subsidiaries	**122,997**	115,273
Dividends receivable	**903,583**	348,168
Derivative financial instruments	**308,471**	–
Cash and cash equivalents	**799,369**	734,695
	8,166,701	5,457,719
Total assets	**31,925,776**	29,368,298
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital (Note 29)	**13,534,145**	13,534,145
Reserves	**6,676,787**	6,099,795
Total equity	**20,210,932**	19,633,940

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
LIABILITIES		
Non-current liabilities		
Bank borrowings	**2,500,000**	2,500,000
Other borrowings	**–**	2,000,000
Deferred income tax liabilities	**821,849**	1,029,765
	3,321,849	5,529,765
Current liabilities		
Other payables and accrued charges	**48,017**	42,766
Amounts due to related parties	**183,142**	133,124
Amounts due to subsidiaries	**850,736**	783,040
Bank borrowings	**1,230,000**	1,230,000
Other borrowings	**6,081,100**	1,948,080
Taxation payable	**–**	67,583
	8,392,995	4,204,593
Total liabilities	**11,714,844**	9,734,358
Total equity and liabilities	**31,925,776**	29,368,298
Net current (liabilities)/assets	**(226,294)**	1,253,126
Total assets less current liabilities	**23,532,781**	25,163,705

The statement of financial position was approved and authorized for issue by the Board on 23 March 2017 and is signed on its behalf by:

YU Bing
Director

WANG Zichao
Director

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note:

Movement in the Company's reserves

	Available-for-sale financial assets reserve RMB'000	Share-based compensation reserve RMB'000	Convertible option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2016	**3,084,206**	**18,243**	**–**	**2,997,346**	**6,099,795**
Profit for the year	**–**	**–**	**–**	**2,986,360**	**2,986,360**
Fair value loss on available-for-sale financial assets	**(937,294)**	**–**	**–**	**–**	**(937,294)**
Deferred tax on fair value loss on available-for-sale financial assets	**234,324**	**–**	**–**	**–**	**234,324**
Lapse of share options	**–**	**(4,354)**	**–**	**4,354**	**–**
2015 final dividend	**–**	**–**	**–**	**(1,706,398)**	**(1,706,398)**
At 31 December 2016	**2,381,236**	**13,889**	**–**	**4,281,662**	**6,676,787**
At 1 January 2015	1,334,302	20,214	104,547	2,427,503	3,886,566
Profit for the year	–	–	–	1,744,691	1,744,691
Fair value gain on available-for-sale financial assets	3,527,087	–	–	–	3,527,087
Deferred tax on fair value gain on available-for-sale financial assets	(878,600)	–	–	–	(878,600)
Release on disposal of available-for-sale financial assets	(1,192,381)	–	–	–	(1,192,381)
Release of deferred tax upon disposal of available-for-sale financial assets	293,798	–	–	–	293,798
Lapse of share options	–	(1,971)	–	1,971	–
Issue of new shares upon conversion of convertible bonds	–	–	(104,547)	42,184	(62,363)
2014 final dividend	–	–	–	(1,219,003)	(1,219,003)
At 31 December 2015	3,084,206	18,243	–	2,997,346	6,099,795

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB2,986,360,000 (2015: RMB1,744,691,000).

Five-Year Financial and Operations Summary

	2016 RMB million	2015 RMB million	2014 RMB million	2013 RMB million	2012 RMB million
Revenue	**18,866.2**	20,196.7	20,447.2	18,826.7	17,497.1
Profit before taxation	**3,994.1**	6,553.0	4,302.7	4,234.1	2,128.7
Income tax expense	**(738.6)**	(1,223.4)	(660.2)	(958.7)	(447.4)
Profit for the year	**3,255.5**	5,329.6	3,642.5	3,275.4	1,681.3
Attributable to:					
Owners of the Company	**2,365.9**	4,149.0	2,765.9	2,289.9	1,181.1
Non-controlling interests	**889.6**	1,180.6	876.6	985.5	500.2
Basic earnings per share (RMB)	**0.32**	0.58	0.42	0.40	0.22
Dividend per share (RMB)	**0.160**	0.232	0.168	0.160	0.090
Total non-current assets	**84,343.7**	81,033.6	76,155.4	69,455.0	63,299.3
Total current assets	**6,843.4**	5,209.6	5,640.4	7,284.0	6,610.1
Total assets	**91,187.1**	86,243.2	81,795.8	76,739.0	69,909.4
Total current liabilities	**22,271.1**	16,638.7	19,266.5	17,384.6	14,245.3
Total non-current liabilities	**34,321.2**	35,378.7	35,279.5	36,067.3	36,734.7
Net assets	**34,594.8**	34,225.8	27,249.8	23,287.1	18,929.4
Equity attributable to owners of the Company	**27,267.0**	27,320.5	21,863.8	18,421.6	14,942.2
Non-controlling interests	**7,327.8**	6,905.3	5,386.0	4,865.5	3,987.2
Total equity	**34,594.8**	34,225.8	27,249.8	23,287.1	18,929.4
Attributable installed capacity (MW)	**16,729**	16,255	15,028	14,822	11,731
Gross power generation (MWh)	**63,403,445**	63,531,141	61,692,480	55,582,400	51,859,151
Total electricity sold (MWh)	**60,760,318**	60,868,493	58,957,127	52,795,155	49,202,653
Net coal consumption rate (g/KWh)	**304.93**	307.08	310.91	314.84	316.70

Technical Glossary and Definitions

"attributable installed capacity"	the proportionate amount of installed capacities of a power plant attributable to a company based on the percentage of equity interest held by the company in that power plant
"average utilization hours"	for a specified period, the amount of electricity (MWh) produced in such period divided by the average installed capacity (MW) in such period
"Baishi Power Plant"	the hydropower plant project in Baishi of Guizhou Qingshuijiang Hydropower Co., Ltd.* (貴州清水江水電有限公司白市水電站項目)
"Beijing CP Environmental"	Beijing China Power Environmental Engineering Company Limited* (北京中電環境工程有限公司)
"Board"	the board of Directors of the Company
"Changshu Power Plant"	Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司)
"China Coal Energy"	China Coal Energy Company Limited* (中國中煤能源股份有限公司)
"China Power" or "Company"	China Power International Development Limited*
"Companies Ordinance"	Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
"CP Guorui"	China Power Guorui Logistics Company Limited* (中電國瑞物流有限公司)
"CP Jiangmen"	CP (Jiangmen) Integrated Energy Company Limited* (中電(江門)綜合能源有限公司)
"CP Maintenance Engineering"	China Power Maintenance Engineering Company Limited* (中電電力檢修工程有限公司)
"CP Pu'an Power Plant"	China Power (Pu'an) Power Generating Company Limited* (中電(普安)發電有限責任公司)
"CP Shentou Power Plant"	China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司)
"CPDL"	China Power Development Limited (中國電力發展有限公司*)
"CPI Group"	China Power Investment Corporation* (中國電力投資集團公司), which reorganized with State Nuclear Power to form SPIC in 2015

"CPI Logistics"	SPIC Logistics Company Limited* (國家電投集團物流有限責任公司), formerly known as CPI Logistics Company Limited* (中電投物流有限責任公司)
"CPI Power Engineering"	CPI Power Engineering Co., Ltd.* (中電投電力工程有限公司)
"CPIF" or "CPI Financial"	CPI Financial Company Limited* (中電投財務有限公司)
"CPIH" or "CPI Holding"	China Power International Holding Limited (中國電力國際有限公司)
"Dabieshan Power Plant"	Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司)
"Director(s)"	director(s) of the Company
"Fuxi Power Plant"	Sichuan CPI Fuxi Power Company Limited (四川中電福溪電力開發有限公司)
"Group" or "We"	the Company and its subsidiaries from time to time
"Gui'an New District"	Gui'an New District Power Sales and Distribution Company Limited* (貴安新區配售電有限公司)
"GW"	gigawatt, that is, one million kilowatts
"Henan Electric Power"	SPIC Henan Electric Power Co., Ltd.* (國家電投集團河南電力有限公司)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huainan Mining"	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司)
"installed capacity"	the manufacturers' rated power output of a generating unit or a power plant, usually denominated in MW
"KWh"	kilowatt-hour, a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

"MW"	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
"MWh"	megawatt-hour, which is equal to one thousand KWh
"net coal consumption rate"	average consumption of standard coal for supplying 1 KWh power (deducting self-used power)
"Ningxia Aluminum"	CPI Ningxia Energy Aluminum Engineering Maintenance Company Limited* (中電投寧夏能源鋁業工程檢修有限公司)
"PBOC"	People's Bank of China* (中國人民銀行)
"Pingmei Shenma"	China Pingmei Shenma Energy & Chemical Group Co., Ltd.* (中國平煤神馬能源化工集團有限責任公司)
"Pingwei Power Plant"	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司)
"Pingwei Power Plant II"	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司)
"Pingwei Power Plant III"	Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司)
"PRC" or "China"	the People's Republic of China (for the purpose of this annual report excluding the Hong Kong, Special Administrative Region of Macau of the PRC and Taiwan)
"Qian Dong Power" or "Qian Dong Power Plant"	Guizhou Qian Dong Power Corporation* (貴州黔東電力有限公司)
"Qinghe Electric Power" or "Qinghe Power Plant"	Liaoning Qinghe Electric Power Company Limited (遼寧清河發電有限責任公司)
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Power"	Shanghai Electric Power Co., Ltd.* (上海電力股份有限公司)
"Shanghai SNERDI Engineering"	Shanghai SNERDI Engineering Consulting Co., Ltd* (上海斯耐迪工程諮詢有限公司)
"Shangqiu Power Plant"	China Power (Shangqiu) Thermal Power Company Limited* (中電(商丘)熱電有限公司)
"Shanshan Power Plant"	Wuling Shanshan Electric Power Co., Ltd.* (五凌鄯善電力有限公司)

"Shanxi Shentou Power Plant II"	Shanxi CPI Shentou No. 2 Power Generation Co., Ltd.* (山西中電神頭第二發電有限責任公司)
"Shentou I Power Plant"	Shanxi Shentou Power Generating Company Limited* (山西神頭發電有限責任公司)
"Sichuan Energy Investment"	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司)
"SPIC"	State Power Investment Corporation* (國家電力投資集團公司), formerly known as CPI Group
"standard coal"	coal with an energy content of 7,000 kilocalories per kilogram
"State Nuclear Power"	State Nuclear Power Technology Corporation* (國家核電技術公司)
"Tuokou Power Plant"	a hydropower plant project in Tuokou of Huaihua Yuanjiang Power Development Co., Ltd.* (懷化沅江電力開發有限責任公司托口水電站項目)
"Wu Ling Power"	Wu Ling Power Corporation* (五凌電力有限公司)
"Wuhu Power Plant"	Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司)
"Xintang Power Plant"	Guangzhou China Power Lixin Industry Company Limited* (廣州中電荔新電力實業有限公司)
"Yaomeng Power Plant"	Pingdingshan Yaomeng Power Company Limited (平頂山姚孟發電有限責任公司)

* For identification purpose only

Useful Information for Investors

ANNUAL REPORT

This annual report has been posted on our website at www.chinapower.hk on 21 April 2017. The reports are sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 25 April 2017.

ANNUAL GENERAL MEETING (AGM)

The Company's AGM will be held on 6 June 2017. Information regarding the business to be considered in the AGM is set out in the circular to the shareholders of the Company dated 25 April 2017 together with a proxy form.

INVESTOR CALENDAR

Closure of register of members for determining shareholders' eligibility to attend and vote at the AGM	1 June 2017 to 6 June 2017 (both days inclusive)
AGM date	6 June 2017
Ex-dividend date	8 June 2017
Closure of register of members for entitlement to 2016 Final Dividend	12 June 2017 to 14 June 2017 (both days inclusive)
Record date for 2016 Final Dividend	14 June 2017
Proposed 2016 Final Dividend payable* ***RMB0.160 (equivalent to HK$0.1805) per ordinary share***	30 June 2017

* Subject to approval by shareholders of the Company at the AGM to be held on 6 June 2017.

INVESTOR ENQUIRIES

For enquiries about share transfer and registration, please contact the share registrar of the Company:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel.: (852) 2862 8628
Fax: (852) 2865 0990
Email: chinapower.ecom@computershare.com.hk

For enquiries from investors and securities analysts, please contact:

Capital Markets & Investor Relations Department
China Power International Development Limited
Suite 6301, 63/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel.: (852) 2802 3861
Fax: (852) 2802 3922
Email: ir@chinapower.hk
Website: www.chinapower.hk

China Power International Development Limited
中國電力國際發展有限公司

Hong Kong Office:
Suite 6301, 63/F, Central Plaza,
18 Harbour Road,
Wanchai, Hong Kong
Tel: (852) 2802 3861
Fax: (852) 2802 3922

Beijing Office:
East Building, Hui Huang Shi Dai Plaza,
56 North West Fourth Ring Road, Haidian District,
Beijing, China
Tel: (86-10) 6260 1888
Fax: (86-10) 6260 1777

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