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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00816)

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

This announcement is made by Huadian Fuxin Energy Corporation Limited (the "**Company**") pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

Pursuant to the relevant regulations in the People's Republic of China (the "**PRC**"), the Company's audited annual financial statements shall be published on the website of China Foreign Exchange Trading System (http://www.chinamoney.com.cn) and the website of Shanghai Clearing House (http://www.shclearing.com).

The following is the audited consolidated annual financial statements of the Company for the year ended 31 December 2017 prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, which is also published on the website of China Foreign Exchange Trading System (http://www.chinamoney.com.cn) and the website of Shanghai Clearing House (http://www.shclearing.com).

By Order of the Board
Huadian Fuxin Energy Corporation Limited
HUANG Shaoxiong
Chairman of the Board

Beijing, the PRC, 26 April 2018

As at the date of this announcement, the executive Directors are Mr. HUANG Shaoxiong, Mr. WU Jianchun and Mr. LI Lixin; the non-executive Directors are Mr. TAO Yunpeng, Mr. LI Yinan and Mr. MEI Weiyi; and the independent non-executive Directors are Mr. ZHANG Bai, Mr. TAO Zhigang and Mr. WU Yiqiang.

KPMG

Huadian Fuxin Energy Corporation Limited

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2017 TO 31 DECEMBER 2017
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITORS’ REPORT

毕马威华振审字第 1802158 号

The Board of directors of Huadian Fuxin Energy Corporation Limited:

Opinion

We have audited the accompanying financial statements of Huadian Fuxin Energy Corporation Limited (“Huadian Fuxin”), which comprise the consolidated and company balance sheets as at 31 December 2017, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of the Company as at 31 December 2017, and the consolidated and company financial performance and cash flows of Huadian Fuxin for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants (“CSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Huadian Fuxin in accordance with the China Code of Ethics for Certified Public Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe sthat 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

AUDITORS’ REPORT (continued)

毕马威华振审字第 1802158 号

Key Audit Matters (continued)

<table>
<tr><td colspan="2">Assessing potential impairment of certain non-current assets (Fixed assets and Goodwill)</td></tr>
<tr><td colspan="2">Refer to note 3(10) to the consolidated financial statements and the accounting policies on pages 32–33.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Certain of the Group’s wind power plants located in areas where abandonment and curtailment of wind power has become more pronounced, recorded operating losses for the year ended 31 December 2017 which the directors considered to be indicators of potential impairment of the related property, plant and equipment and intangible assets.

In order to determine whether any impairment is required at the reporting date the directors assess the estimated recoverable amount of each separately identifiable cash generating unit (“CGU”) to which the relevant non-current assets have been allocated using a value-in-use (“VIU”) discounted cash flow technique. The preparation of the VIU calculations is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.

The directors have adopted certain key assumptions to estimate the recoverable amounts, which are also impacted by political and economic factors in Mainland China. Key assumptions include electricity volumes generated by each CGU during the forecast period and the expected on-grid tariffs for the provinces where these CGUs are located.</td><td>Our audit procedures to assess potential impairment of certain non-current assets included the following:

• evaluating the directors’ assessment of indicators of impairment, the identification of CGUs and the allocation of assets to each CGU, with reference to our understanding of the Group’s business and the requirements of the prevailing accounting standards;

• challenging the directors’ VIU calculations and the calculation of any impairment charges for the year by challenging key assumptions, which included future electricity volumes and expected on-grid tariffs, adopted in the VIU calculations for each CGU and the discount rates applied by the directors by comparing the directors’ key assumptions with externally derived data, historical analyses and our expectations based on our industry knowledge;

• involving our internal valuation specialists to assist us in assessing whether the discount rates applied in the VIU calculations were within the range adopted by other companies in the same industry;

• comparing the actual results for the current year to the directors’ estimates in their VIU calculations for the previous year in order to assess the historical accuracy of the forecasting process;</td></tr>
</table>

Key Audit Matters (continued)

Assessing potential impairment of certain non-current assets (Fixed assets and Goodwill)	
Refer to note 3(10) to the consolidated financial statements and the accounting policies on pages 32–33.	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified assessing potential impairment of certain non-current assets as a key audit matter because the carrying value of these assets is material to the consolidated financial statements; and any error in assessing potential impairment could have a material impact on the consolidated financial statements and also because of the significant management judgement and estimation required in assessing potential impairment which could be subject to potential management bias.	• performing sensitivity analyses on the discount rates applied and the assumptions for revenue adopted by the directors in their VIU calculations to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions • assessing the disclosures in the consolidated financial statements in respect of the impairment assessment with reference to the requirements of the prevailing accounting standards.

Purpose of Utilization

This report is provided for the purpose of the annual disclosure of Huadian Fuxin Energy Corporation Limited on its issuance of short-term financing bills and super short-term commercial papers in the interbank market, and corporate bonds in Shanghai Stock Exchange only. The report shall not to be used for any other purposes without the firm’s written consent.

Other Information

The management of Huadian Fuxin Energy Corporation Limited is responsible for the other information. The other information comprises all the information included in the annual report of the Company for the year ended 31 December 2017, other than the financial statements and our auditor’s report thereon. The 2017 annual report on corporate bonds of Huadian Fuxin Energy Corporation Limited is expected to be provided to us after the date of audit report.

Our opinion on the 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 financial statements, our responsibility is to read the other information when we can obtain such information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing The Company’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 management either intends to liquidate The Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

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

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management’s 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 Company’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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the 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.

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

毕马威华振审字第 1802158 号

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People’s Republic of China

Gao Song (Engagement Partner)

China Beijing

Zhang Jingjing

17 April 2018

Huadian Fuxin Energy Corporation Limited
Consolidated balance sheet as at 31 December 2017
(Expressed in Renminbi Yuan)

Assets	*Note*	*2017*	*2016 (Restated)*
Current assets			
Cash at bank and on hand	*7*	2,127,270,472	2,959,451,179
Bills receivable	*8*	190,512,064	167,616,211
Accounts receivable	*9*	6,801,406,251	4,972,343,645
Prepayments	*10*	136,180,566	129,112,896
Dividends receivable		351,000,000	7,871,688
Other receivables	*11*	232,043,248	281,424,009
Inventories	*12*	277,378,166	249,486,557
Non-current assets due within one year		28,178,700	-
Other current assets	*13*	1,180,757,383	1,139,313,998
Total current assets		11,324,726,850	9,906,620,183
Non-current assets			
Available-for-sale financial assets	*14*	880,175,851	895,810,567
Long-term receivables	*15*	46,741,278	88,936,517
Long-term equity investments	*16*	8,190,052,356	7,505,868,347
Fixed assets	*17*	71,252,998,521	71,561,168,388
Construction in progress	*18*	8,641,288,238	6,277,282,596
Construction materials	*19*	1,111,709,416	1,093,786,915
Intangible assets	*20*	2,229,697,499	2,118,363,712
Goodwill	*21*	496,646,686	496,646,686
Long-term deferred expenses	*22*	99,027,071	89,465,172
Deferred tax assets	*23*	376,512,648	364,754,180
Other non-current assets	*24*	2,405,420,088	2,881,188,810
Total non-current assets		95,730,269,652	93,373,271,890
Total assets		107,054,996,502	103,279,892,073

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Consolidated balance sheet as at 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

Liabilities and shareholders' equity	*Note*	*2017*	*2016 (Restated)*
Current liabilities			
Short-term loans	*26*	9,275,577,644	5,263,530,516
Bills payable	*27*	299,177,627	889,127,951
Accounts payable	*28*	7,451,031,226	8,431,504,235
Advances from customers	*29*	26,286,365	27,047,789
Employee benefits payable	*30*	49,934,304	50,621,226
Taxes payable	*31*	277,268,987	456,527,771
Interest payable	*32*	219,478,501	262,583,537
Dividends payable	*33*	123,673,932	103,769,908
Other payables	*34*	1,454,532,960	1,658,580,703
Non-current liabilities due within one year	*35*	6,132,298,919	5,570,180,666
Other current liabilities	*36*	7,011,586	3,504,862,626
Total current liabilities		25,316,272,051	26,218,336,928
Non-current liabilities			
Long-term loans	*37*	47,715,682,816	45,413,349,166
Debentures payable	*38*	5,987,161,252	6,981,137,321
Long-term payables	*39*	302,343,530	328,352,543
Deferred tax liabilities	*23*	918,394,454	877,395,373
Special payables		-	12,920,008
Deferred income	*40*	348,044,265	452,623,237
Total non-current liabilities		55,271,626,317	54,065,777,648
Total liabilities		80,587,898,368	80,284,114,576

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Consolidated balance sheet as at 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

	Note	*2017*	*2016 (Restated)*
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	*41*	8,407,961,520	8,407,961,520
Other equity instruments	*42*	3,988,339,623	1,994,000,000
Including: Perpetual bonds		3,988,339,623	1,994,000,000
Capital reserve	*43*	1,783,262,159	1,798,234,970
Other comprehensive income	*44*	(22,739,441)	(2,218,937)
Surplus reserve	*45*	817,192,725	630,552,684
Retained earnings	*46*	8,450,351,715	7,272,444,017
Total equity attributable to shareholders of the Company		23,424,368,301	20,100,974,254
Non-controlling interests		3,042,729,833	2,894,803,243
Total shareholders' equity		26,467,098,134	22,995,777,497
Total liabilities and shareholders' equity		107,054,996,502	103,279,892,073

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Company Balance sheet as at 31 December 2017
(Expressed in Renminbi Yuan)

	Note	*2017*	*2016*
Assets			
Current assets			
Cash at bank and on hand	*7*	91,052,945	488,856,065
Accounts receivable	*9*	19,611,478	146,718,243
Prepayments		22,128,993	1,467,265
Dividends receivable		561,963,844	19,700,000
Interest receivable		8,422,535	739,765
Other receivables	*11*	1,098,547,053	1,288,218,209
Inventories		308,927	348,617
Other current assets	*13*	14,879,515	1,970,974
Total current assets		1,816,915,290	1,948,019,138
Non-current assets			
Available-for-sale financial assets	*14*	246,499,229	246,499,229
Long-term receivables	*15*	3,078,020,000	2,170,520,000
Long-term equity investments	*16*	27,627,628,180	25,642,802,782
Fixed assets	*17*	1,423,632,421	1,458,485,123
Construction in progress	*18*	1,039,063,724	267,917,686
Intangible assets	*20*	108,667,748	110,167,003
Long-term deferred expenses		4,610,447	5,244,906
Other non-current assets		21,078,183	-
Total non-current assets		33,549,199,932	29,901,636,729
Total assets		35,366,115,222	31,849,655,867

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Company Balance sheet as at 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

	Note	*2017*	*2016*
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	*26*	5,480,000,000	1,938,500,000
Accounts payable	*28*	88,621,370	100,149,590
Employee benefits payable	*30*	3,113,174	2,572,397
Taxes payable	*31*	21,637,657	48,636,179
Interest payable	*32*	123,940,313	171,864,798
Dividends payable	*33*	96,719,444	80,819,444
Other payables	*34*	1,337,610,166	119,216,522
Non-current liabilities due within one year	*35*	1,038,612,498	1,042,334,727
Other current liabilities	*36*	223,381	3,500,814,128
Total current liabilities		8,190,478,003	7,004,907,785
Non-current liabilities			
Long-term loans	*37*	570,352,133	535,170,000
Debentures payable	*38*	5,987,161,252	6,981,137,321
Deferred income		-	1,762,409
Total non-current liabilities		6,557,513,385	7,518,069,730
Total liabilities		14,747,991,388	14,522,977,515

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Company Balance sheet as at 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

	Note	*2017*	*2016*
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	*41*	8,407,961,520	8,407,961,520
Other equity instruments	*42*	3,988,339,623	1,994,000,000
Including: Perpetual bonds		3,988,339,623	1,994,000,000
Capital reserve	*43*	2,374,671,913	2,384,260,434
Surplus reserve	*45*	817,192,725	630,552,684
Retained earnings	*46*	5,029,958,053	3,909,903,714
Total shareholders' equity		20,618,123,834	17,326,678,352
Total liabilities and shareholders' equity		35,366,115,222	31,849,655,867

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited

Consolidated income statement for the year ended 31 December 2017

(Expressed in Renminbi Yuan)

		Note	*2017*	*2016 (Restated)*
I.	Operating income	*47*	16,757,381,057	16,104,707,432
II.	Less: Operating costs	*47*	10,742,667,396	9,363,525,055
	Taxes and surcharges	*48*	189,046,907	193,371,887
	Selling and distribution expenses		119,077	130,428
	General and administrative expenses		1,010,431,282	1,101,937,182
	Financial expenses	*49*	2,847,932,450	2,859,497,814
	Impairment losses	*50*	145,481,255	176,722,362
	Add: Investment income	*51*	800,652,258	674,937,753
	Including: Income from investment in associates and joint ventures		741,962,685	630,165,600
	Gains from asset disposals	*52*	36,465,267	8,025,441
	Other income	*53*	128,465,639	-
III.	Operating profit		2,787,285,854	3,092,485,898
	Add: Non-operating income	*54*	61,795,402	181,162,551
	Less: Non-operating expenses	*54*	46,855,467	71,695,208
IV.	Profit before income tax		2,802,225,789	3,201,953,241
	Less: Income tax expense	*55*	336,723,472	533,518,448
V.	Net profit for the year		2,465,502,317	2,668,434,793
	(1) Net profit classified by continuity of operations(“-” for losses):			
	Net profit from continuing operations		2,465,502,317	2,668,434,793
	(2) Net profit classified by ownership			
	1. Non-controlling interests		348,459,599	599,944,785
	2. Equity shareholders and the holders of perpetual bonds of the Company		2,117,042,718	2,068,490,008

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Consolidated income statement for the year ended 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

	2017	*2016 (Restated)*
VI. Other comprehensive income, net of tax		
(1) Items that may be reclassified to profit or loss:		
1. Gains or losses arising from changes in the fair value of available-for-sale financial assets	(15,634,716)	(34,007,846)
2. Translation differences arising on translation of foreign currency financial statements	(4,885,788)	5,147,411
VII. Total comprehensive income for the year	2,444,981,813	2,639,574,358
Attributable to:		
Equity shareholders and the holders of perpetual bonds of the Company	2,096,522,214	2,039,629,573
Non-controlling interests	348,459,599	599,944,785

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Company Income statement for the year ended 31 December 2017
(Expressed in Renminbi Yuan)

		Note	2017	2016
I.	Operating income	47	704,578,754	1,077,098,033
	Less: Operating costs	47	285,845,841	329,763,108
	Taxes and surcharges	48	11,405,229	17,610,575
	General and administrative expenses		243,134,294	262,410,040
	Financial expenses	49	403,585,098	418,382,103
	Impairment losses		-	1,243,836
	Add: Investment income	51	2,106,446,069	2,196,884,886
	Including: Income from investment in associates and joint ventures		681,731,084	560,710,754
	Gains from asset disposals	52	760,643	449,361
	Other income	53	73,900	-
II.	Operating profit		1,867,888,904	2,245,022,618
	Add: Non-operating income	54	163,003	920,688
	Less: Non-operating expenses	54	1,651,489	41,672,548
III.	Profit before income tax		1,866,400,418	2,204,270,758
	Less: Income tax expense	55	-	-
IV.	Net profit for the year		1,866,400,418	2,204,270,758
	Net profit from continuing operations		1,866,400,418	2,204,270,758
V.	Total comprehensive income for the year		1,866,400,418	2,204,270,758

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Consolidated cash flow statement
for the year ended 31 December 2017
(Expressed in Renminbi Yuan)

		Note	*2017*	*2016 (Restated)*
I.	Cash flows from operating activities:			
	Proceeds from sale of goods and rendering of services		17,814,187,664	17,380,024,502
	Refund of taxes		77,918,330	58,356,543
	Proceeds from other operating activities	*56(1)*	120,995,407	155,625,548
	Sub-total of cash inflows		18,013,101,401	17,594,006,593
	Payment for goods and services		6,550,391,733	4,618,080,152
	Payment to and for employees		1,386,944,383	1,344,994,279
	Payment of various taxes		1,592,630,394	1,885,645,376
	Payment for other operating activities	*56(2)*	444,805,780	383,361,661
	Sub-total of cash outflows		9,974,772,290	8,232,081,468
	Net cash inflow from operating activities	*57(1)*	8,038,329,111	9,361,925,125
II.	Cash flows from investing activities:			
	Proceeds from disposal of investments		18,565,945	35,092,919
	Investment returns received		619,091,661	425,343,304
	Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		86,206,966	227,474,266
	Decrease of restricted deposits		58,495,218	357,249,813
	Proceeds from other investing activities	*56(3)*	59,138,696	59,190,292
	Sub-total of cash inflows		841,498,486	1,104,350,594
	Payment for acquisition of fixed assets, intangible assets and other long-term assets		9,133,220,339	10,768,152,512
	Payment for acquisition of investments		885,164,688	506,330,000
	Net payment for acquisition of subsidiaries		172,800,000	65,138,755
	Sub-total of cash outflows		10,191,185,027	11,339,621,267
	Net cash outflow from investing activities		(9,349,686,541)	(10,235,270,673)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Consolidated cash flow statement
for the year ended 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

	Note	*2017*	*2016 (Restated)*
III. Cash flows from financing activities:			
Proceeds from investors		2,083,299,623	106,790,000
Including: Proceeds from non-controlling shareholders of subsidiaries		88,960,000	106,790,000
Proceeds from borrowings		22,321,671,956	29,465,191,212
Proceeds from other financing activities	*56(4)*	-	25,650,000
Sub-total of cash inflows		24,404,971,579	29,597,631,212
Repayments of borrowings		19,910,992,503	23,823,293,867
Payment for profit distributions or interest		3,974,186,234	3,982,712,356
Including: Profits paid to non-controlling shareholders of subsidiaries		258,840,605	471,639,989
Payment for other financing activities	*56(5)*	-	61,372,234
Sub-total of cash outflows		23,885,178,737	27,867,378,457
Net cash inflow from financing activities		519,792,842	1,730,252,755
IV. Effect of foreign exchange rate changes on cash and cash equivalents		18,348,747	(8,335,974)
V. Net (decrease) / increase in cash and cash equivalents	*57(2)*	(773,215,841)	848,571,233
Add: Cash and cash equivalents at the beginning of the year		2,895,119,308	2,046,548,075
VI. Cash and cash equivalents at the end of the year	*57(3)*	2,121,903,467	2,895,119,308

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Company Cash flow statement
for the year ended 31 December 2017
(Expressed in Renminbi Yuan)

		Note	*2017*	*2016*
I.	Cash flows from operating activities:			
	Proceeds from sale of goods and rendering of services		930,969,395	1,250,075,272
	Proceeds from other operating activities	*56(1)*	20,215,756	14,579,128
	Sub-total of cash inflows		951,185,151	1,264,654,400
	Payment for goods and services		33,947,955	39,160,628
	Payment to and for employees		232,282,407	236,443,685
	Payment of various taxes		191,636,517	253,979,264
	Payment for other operating activities	*56(2)*	163,222,194	135,502,925
	Sub-total of cash outflows		621,089,073	665,086,502
	Net cash inflow from operating activities	*57(1)*	330,096,078	599,567,898
II.	Cash flows from investing activities:			
	Proceeds from disposal of investments		1,252,818,500	25,650,000
	Investment returns received		1,780,111,346	2,005,634,545
	Net proceeds from disposal of fixed assets		1,965,356	2,421,734
	Net proceeds from disposal of subsidiaries and other business units		12,677,663	-
	Proceeds from other investing activities	*56(3)*	119,273,977	106,551,493
	Sub-total of cash inflows		3,166,846,842	2,140,257,772
	Payment for acquisition of fixed assets, intangible assets and other long-term assets		952,502,624	349,183,444
	Payment for acquisition of investments		4,137,132,000	4,275,123,256
	Net payment for acquisition of subsidiaries		-	64,634,027
	Sub-total of cash outflows		5,089,634,624	4,688,940,727
	Net cash outflow from investing activities		(1,922,787,782)	(2,548,682,955)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Company Cash flow statement
for the year ended 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

		Note	*2017*	*2016*
III.	Cash flows from financing activities:			
	Proceeds from investors		1,994,339,623	-
	Proceeds from borrowings		9,536,546,677	15,808,413,852
	Sub-total of cash inflows		11,530,886,300	15,808,413,852
	Repayments of borrowings		9,204,824,136	12,587,013,794
	Payment for profit distributions or interest		1,129,790,517	937,430,926
	Sub-total of cash outflows		10,334,614,653	13,524,444,720
	Net cash inflow from financing activities		1,196,271,647	2,283,969,132
IV.	Effect of foreign exchange rate changes on cash and cash equivalents		(1,392,311)	1,494,648
V.	Net (decrease) / increase in cash and cash equivalents	*57(2)*	(397,812,368)	336,348,723
	Add: Cash and cash equivalents at the beginning of the year		485,004,331	148,655,608
VI.	Cash and cash equivalents at the end of the year	*57(3)*	87,191,963	485,004,331

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2017
(Expressed in Renminbi Yuan)

	Attributable to shareholders of the Company								
	Share Capital	*Other equity instruments Perpetual bonds*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*Retained earnings*	*Sub-total*	*Non-controlling interests*	*Total*
At 1 January 2017 (Restated)	8,407,961,520	1,994,000,000	1,798,234,970	(2,218,937)	630,552,684	7,272,444,017	20,100,974,254	2,894,803,243	22,995,777,497
Changes in equity for the year									
1. Total comprehensive income for the year	-	130,900,000	-	(20,520,504)	-	1,986,142,718	2,096,522,214	348,459,599	2,444,981,813
2. Disposal of subsidiaries	-	-	-	-	-	-	-	(11,801,056)	(11,801,056)
3. Business combinations under common control	-	-	-	-	-	(198,173,231)	(198,173,231)	-	(198,173,231)
4. Other changes in equity of associates	-	-	(9,588,521)	-	-	-	(9,588,521)	-	(9,588,521)
5. Shareholders' contribution of capital	-	-	-	-	-	-	-	88,960,000	88,960,000
6. Distribution to the holders of perpetual bonds	-	(130,900,000)	-	-	-	-	(130,900,000)	-	(130,900,000)
7. Appropriation of profits:									
- Appropriation for surplus reserve	-	-	-	-	186,640,041	(186,640,041)	-	-	-
- Distributions to shareholders	-	-	-	-	-	(428,806,038)	(428,806,038)	-	(428,806,038)
- Distributions to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	(277,691,953)	(277,691,953)
8. Issuance of renewable corporate bonds	-	1,994,339,623	-	-	-	-	1,994,339,623	-	1,994,339,623
9. Others	-	-	(5,384,290)	-	-	5,384,290	-	-	-
At 31 December 2017	8,407,961,520	3,988,339,623	1,783,262,159	(22,739,441)	817,192,725	8,450,351,715	23,424,368,301	3,042,729,833	26,467,098,134

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Consolidated statement of changes in shareholders' equity
for the year ended 31 December 2017 (continued)
(Expressed in Renminbi Yuan)

	Attributable to shareholders of the Company								
	Share Capital	*Other equity instruments Perpetual bonds*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*Retained earnings*	*Sub-total*	*Non-controlling interests*	*Total*
At 1 January 2016	8,407,961,520	1,994,000,000	1,782,363,342	26,641,498	410,125,608	5,856,391,849	18,477,483,817	2,672,735,836	21,150,219,653
Add: Business combinations involving enterprises under common control	-	-	-	-	-	21,830,085	21,830,085	-	21,830,085
At 1 January 2016 (Restated)	8,407,961,520	1,994,000,000	1,782,363,342	26,641,498	410,125,608	5,878,221,934	18,499,313,902	2,672,735,836	21,172,049,738
Changes in equity for the year									
1. Total comprehensive income for the year	-	115,000,000	-	(28,860,435)	-	1,953,490,008	2,039,629,573	599,944,785	2,639,574,358
2. Acquisition of non-controlling interest	-	-	(2,704,485)	-	-	-	(2,704,485)	(89,867,750)	(92,572,235)
3. Business combinations under common control	-	-	(9,800,000)	-	-	-	(9,800,000)	-	(9,800,000)
4. Other changes in equity of associates	-	-	28,226,113	-	-	-	28,226,113	-	28,226,113
5. Partially disposal shares of a subsidiary	-	-	150,000	-	-	-	150,000	25,500,000	25,650,000
6. Shareholders' contribution of capital	-	-	-	-	-	-	-	106,790,000	106,790,000
7. Distribution to the holders of perpetual bonds	-	(115,000,000)	-	-	-	-	(115,000,000)	-	(115,000,000)
8. Appropriation of profits:									
- Appropriation for surplus reserve	-	-	-	-	220,427,076	(220,427,076)	-	-	-
- Distributions to shareholders	-	-	-	-	-	(338,840,849)	(338,840,849)	-	(338,840,849)
- Distributions to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	(420,299,628)	(420,299,628)
At 31 December 2016	8,407,961,520	1,994,000,000	1,798,234,970	(2,218,937)	630,552,684	7,272,444,017	20,100,974,254	2,894,803,243	22,995,777,497

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

Huadian Fuxin Energy Corporation Limited
Company Statement of changes in owners' equity
for the year ended 31 December 2017
(Expressed in Renminbi Yuan)

	Share Capital	*Other equity instruments Perpetual bonds*	*Capital reserve*	*Surplus reserve*	*Retained earnings*	*Total*
At 1 January 2017	8,407,961,520	1,994,000,000	2,384,260,434	630,552,684	3,909,903,714	17,326,678,352
Changes in equity for the year						
1. Total comprehensive income for the year	-	130,900,000	-	-	1,735,500,418	1,866,400,418
2. Issuance of renewable corporate bonds	-	1,994,339,623	-	-	-	1,994,339,623
3. Distribution to the holders of perpetual bonds	-	(130,900,000)	-	-	-	(130,900,000)
4. Appropriation of profits:						
- Appropriation for surplus reserve	-	-	-	186,640,041	(186,640,041)	-
- Distributions to shareholders	-	-	-	-	(428,806,038)	(428,806,038)
5. Other changes in equity of associates	-	-	(9,588,521)	-	-	(9,588,521)
At 31 December 2017	8,407,961,520	3,988,339,623	2,374,671,913	817,192,725	5,029,958,053	20,618,123,834
At 1 January 2016	8,407,961,520	1,994,000,000	2,367,421,015	410,125,608	2,379,900,881	15,559,409,024
Changes in equity for the year						
1. Total comprehensive income for the year	-	115,000,000	-	-	2,089,270,758	2,204,270,758
2. Distribution to the holders of perpetual bonds	-	(115,000,000)	-	-	-	(115,000,000)
3. Appropriation of profits:						
- Appropriation for surplus reserve	-	-	-	220,427,076	(220,427,076)	-
- Distributions to shareholders	-	-	-	-	(338,840,849)	(338,840,849)
4. Other changes in equity of associates	-	-	16,839,419	-	-	16,839,419
At 31 December 2016	8,407,961,520	1,994,000,000	2,384,260,434	630,552,684	3,909,903,714	17,326,678,352

These financial statements were approved by the Board of Directors of the Company on 17 April 2018.

Huang Shaoxiong	Wu Jianchun	Zhu Fenge	
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	(Company stamp)

The notes on pages 17 to 111 form part of these financial statements.

1 Company status

Huadian Fuxin Energy Corporation Limited (the “Company”) was established in Fuzhou, Fujian province, with its head office located in Beijing. The parent and its ultimate holding company is China Huadian Corporation Ltd. (“Huadian Group”).

The Company is a joint stock company established by restructuring and transforming Huadian Fuxin Energy Company Limited (“Huadian Fuxin”). Pursuant to the “Reply on the Establishment of Huadian Fuxin Energy Corporation Limited” (Guo Zi Gai Ge [2011] No.838) by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) on 15 August 2011, Huadian Fuxin was turned into a joint stock company. The Company had total stock of 6 billion shares of RMB1 at par, of which Huadian Group, China Power Engineering Consulting Group Corporation (“CPECC”), Kunlun Trust Co., Ltd. (“Kunlun Trust”), Guizhou Wujiang Hydropower Development Co., Ltd. (“Wujiang Hydropower”), China Huadian Engineering Co., Ltd. (“CHEC”), Industrial Innovation Capital Management Co., Ltd. (“Industrial Capital”), Fujian Datong Venture Capital Investment Co., Ltd. (“Datong VC”) held 85.80%, 4.37%, 3.49%, 3.24%, 1.35%, 1.31% and 0.44% of the total share capital respectively. On 19 August 2011, the Company obtained a business licence (No. 350000100004157) issued by the Fujian Province Administration of Industry and Commerce of the PRC.

With the approval of the China Securities Regulatory Commission given in the “Reply on the Issuance of Overseas Listed Foreign Shares by Huadian Fuxin Energy Corporation Limited” (Zheng Jian Xu Ke [2012] No.435), the Company launched an initial public offering to Hong Kong and overseas investors in June and July 2012, issuing 1,622,616,000 overseas shares (H shares) with a par value of RMB1. Meanwhile, Huadian Group, CPECC, Kunlun Trust, Wujiang Hydropower, CHEC, Industrial Capital and Datong VC transferred their 162,261,600 domestic shares at the par value of RMB1 to H shares at the ratio of 1:1, and then transferred the H shares to the National Council for Social Security Fund (NSSF). The overseas shares (H shares) of the Company have listed on the Stock Exchange of Hong Kong Limited (HKEx) on 28 June 2012. In February and December 2014, the Company completed the placing of an aggregate of 785,345,520 new H shares with a par value of RMB1. Therefore, the share capital (stock) of the Company has changed to RMB8,407,961,520, representing 8,407,961,520 ordinary shares with a par value of RMB1, including 5,837,738,400 domestic shares and 2,570,223,120 overseas shares (H shares).

The Company and its subsidiaries (together the “Group”) primarily engage in the production and sales of electricity in mainland China.

2 Basis of preparation

The financial statements have been prepared on the going concern basis.

As at 31 December 2017, the Group's current liabilities exceeded its current assets by RMB13,991,545,201, and there were RMB23,734,997,986 of banking facilities available for use. Given the Group's sound credit rating, management believes that the Group can obtain new loans to meet operating needs when existing loans are due. Meanwhile, management will increase effort to collect receivables. Furthermore, management believes that as part of Huadian Group, the Group will be able to receive support from Huadian Group. Therefore, the financial statements have been prepared on the basis of going concern.

The financial statements have been prepared for the annual disclosure purpose of issuing ultra short-term financing instruments and short-term financing instruments in the inter-bank market and issuing corporate bonds in the Shanghai Stock Exchange.

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by MOF. These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2017, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

(2) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(3) Functional currency and presentation currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note 3(2).

3 Significant accounting policies and accounting estimates

(1) Business combinations and consolidated financial statements

(a) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against the capital premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

(b) Business combinations not involving enterprises under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. If (1) is less than (2), the difference is recognised in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

(c) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving enterprises under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

Non-controlling interests are presented separately in the consolidated balance sheet within owners' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests. Changes in the interest in a subsidiary without a change in control are accounted for as equity transactions.

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period.

(2) Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction of qualifying assets (see Note 3(20)). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in owners' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(4) Inventories

Inventories include coal, fuel oil, spare parts and low-value consumables.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase and other expenditure incurred in bringing the inventories to their present location and condition.

Cost of inventories transferred out is calculated using the weighted average method. Low-value consumables are amortised in full when received for use. The amortisations are included in the cost of the related assets or recognised in profit or loss for the current period.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for impairment, and is recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale including relevant taxes.

(5) Long-term equity investments

(a) Investments in subsidiaries

In the Group's consolidated financial statements, the subsidiaries are accounted for in accordance with the principles described in Note 3(1)(c).

In the Company's separate financial statements, investments in subsidiaries are measured as follows:

- The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the capital premium in the capital reserve, with any excess adjusted to retained earnings.

- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

- An investment in a subsidiary acquired other than through a business combination is initially recognised in accordance with the principles described in Note 3(5)(b).

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale (see Note 3(11)(a)). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the subsidiary as investment income in the current period. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses (see Note 3(13)(b)).

(b) Investments in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement.

An associate is an enterprise over which the Group has significant influence.

An investment in a joint venture or an associate is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

An investment in a joint venture or an associate is accounted for using the equity method, unless the investment is classified as held for sale (see Note 3(11)(a)).

Under the equity method:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group makes provision for impairment of investments in joint ventures and associates in accordance with the principles described in Note 3(13)(b).

(6) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Group for use in the production of goods, supply of services, for rental to others or for administrative purposes with useful lives over one accounting year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(13)(b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(13)(b)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note 3(20)), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note 3(11)(a)). The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life	*Residual value*	*Depreciation*
Buildings and structures	8 - 55 years	0 - 5%	1.73% - 12.50%
Generators and related equipment	4 - 35 years	0 - 5%	2.71% - 25.00%
Motor vehicles	6 - 10 years	0 - 5%	9.50% - 16.67%
Furniture and others	5 - 18 years	0 - 5%	5.28% - 20.00%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(7) Leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(a) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes 3(6) and 3(13)(b), respectively.

Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note 3(20)).

(b) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(c) Assets leased out under operating leases

Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(d) Sales and leaseback arrangement resulting in finance lease

For sale and leaseback transactions which are considered as finance leases, the difference between the selling price and the carrying amount of the asset is deferred in recognition as unrealised profit or loss of sales and leaseback arrangement, and amortised over the amortisation period of the leased asset to adjust the depreciation expenses.

(8) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 3(13)(b)).

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale(see Note 3(11)(a)). The respective amortisation periods for such intangible assets are as follows:

	Amortisation period
Land use rights	20 - 70 years
Concession assets	23 years
Software and others	5 - 10 years

The concession assets obtained by the Group to take part in wind power projects are initially recognised at the fair value of the consideration received or receivable for the construction service provided. Pursuant to the concession contract, if the income received during the operation period is not a fixed amount, the concession assets are recognised as intangible assets during the construction period and amortised over the concession period.

(9) Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving enterprises under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note 3(13)(b)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

(10) Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note 3(13)(b)).

Long-term deferred expenses are amortised over their beneficial periods.

(11) Assets held for sale and discontinued operations

(a) Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use,.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criterias are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;

- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note 3(14) less costs to sell (except financial assets (see note 3(12)), deferred tax assets (see note 3(16)) and investment properties with subsequent measurement using the fair value model (see Note 3(14)) initially and subsequently. Any excess of the carrying amount over the fair value (see Note 3(14) less costs to sell is recognised as an impairment loss in profit or loss.

(b) Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it, is separately identifiable and satisfies one of the following conditions:

- It represents a separate major line of business or a separate geographical area of operations;

- It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;

- It is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. Profit or loss from continuing operation in the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

(12) Financial instruments

Financial instruments include cash at bank and on hand, investments in equity securities other than those classified as long-term equity investments (see Note 3(5)), receivables, payables, loans and borrowings, debentures payable and share capital.

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

- Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost. Other available-for-sale financial assets are measured at fair value and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Dividend income is recognised in profit or loss when the investee approves the dividends. Interest is recognised in profit or loss using the effective interest method (see Note 3(18)(e)).

- Financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. However, a financial guarantee issued by the Group is subsequently measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles for contingent liabilities (see Note 3(17)).

(b) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts; and
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in shareholders' equity

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expires.

(d) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

If, and only if, both conditions mentioned below are met, the financial instrument issued by the group ould be an equity instrument:

- The instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer;

- If the instrument will or may be settled in the issuer's own equity instruments, it is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments, or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

The equity of financial instruments holders, issued by the company are classified as equity instruments in accordance with the above conditions, are shown in other equity instruments of the consolidated balance sheet; and the profit and loss and total comprehensive income of the holders are shown in net profit and total comprehensive income of the consolidated statement of income.

(13) Impairment of assets

Except for impairment of assets set out in Notes 3(4) and (16), impairment of assets is accounted for using the following principles:

(a) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

- Receivables and held-to-maturity investments

  Held-to-maturity investments and receivables are assessed for impairment on an individual basis and on a collective group basis.

  Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable or held-to-maturity investment is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables or held-to-maturity investments share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If, after an impairment loss has been recognised on receivables or held-to-maturity investments, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost at the date of impairment reversal would have been had no impairment loss been recognised in prior years.

- Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis and on a collective group basis as follows.

When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognised directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in an unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- goodwill
- long-term deferred expenses
- long-term equity investments, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note 3(14)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(14) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(15) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. In addition, some of the Group's employees also join an enterprise annuity managed by Huadian Group on a voluntary basis. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or include in the cost of assets where appropriate.

(c) Early retirement benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of early retirement benefits because of an employee termination plan or a curtailment proposal;

- When the Group has a formal detailed restructuring plan involving the payment of early retirement benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(16) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and

- they relate to income taxes levied by the same tax authority on either:

  - the same taxable entity; or

  - different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(17) Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

(18) Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increases relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met:

(a) Sales of electricity

Sale of electricity is recognised when electricity is supplied to the provincial grid companies.

(b) Service concession construction revenue

As at the balance sheet date, the Group recognised the construction revenue based on the accumulated construction costs incurred and the fair value of construction service received or receivable. As for construction service not yet provided, and the contracting of construction to other parties, the Group recognised it as a financial asset or an intangible asset rather than construction revenue based on the construction consideration paid in the construction process and other contract terms.

(c) Sales of goods

Revenue is recognised when the general conditions stated above and the following conditions are satisfied:

- Significant risks and rewards of ownership of goods have been transferred to the buyer;

- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the sales contract or agreement.

(d) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Where the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue is recognised by reference to the stage of completion based on the proportion of services performed to date to the total services to be performed.

Where the outcome cannot be estimated reliably, revenues are recognised to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(e) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(f) Certified Emission Reductions (“CERs”) income

The Group sells carbon credits known as CERs, generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism (“CDM”) projects with CDM Executive Board (“CDMEB”) of the United Nations under the Kyoto Protocol. Revenue in relation to the CERs is recognised when following conditions are met:

- The counterparties have committed to purchase the CERs;
- The sales prices have been agreed; and
- Relevant electricity has been generated.

The revenue related to CERs is recognised and recorded in accounts receivable for the volume verified by the independent supervisors assigned by CDMEB and in other receivables for the remaining volume.

(19) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

A government grant related to an asset, which belongs to MOF Subsidy for basic infrastructure loans interests, is offset against the carrying amount of the related asset; which belongs to other government grant related to an asset, is recognised as deferred income, and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income in the periods in which the expenses or losses are recognised. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income directly.

(20) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

(21) Profit distributions to shareholders

Dividends or profit distributions proposed in the profit appropriation plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

(22) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(23) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(24) Significant accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes 3(6) and (8) contain information about the accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets. Notes 9, 10, 11, 12, 14, 17, 18 and 21 contain information about the accounting estimates relating to provisions for impairment of various types of assets. Other significant accounting estimates are as follows:

(i) Note 62: Valuation of fair value of financial instruments;

4 Changes in significant accounting policies and accounting estimates

(a) Description and reasons of changes in accounting policies

The MOF issued the Accounting Standards for Business Enterprises No. 42 – Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations ("CAS 42") and the revised Accounting Standards for Business Enterprises No. 16 – Government Grants ("CAS 16 (2017)") respectively in April and May. The effective dates of CAS 42 and CAS 16 (2017) are 28 May 2017 and 12 June 2017 respectively.

The significant accounting policies after adopting the above accounting standards are summarised in Note 3.

In addition, the MOF issued the "Notice on Revision of the Illustrative Financial Statements" (Caikuai [2017] No.30) in December 2017. The Group has prepared financial statements for the year ended 31 December 2017 in accordance with this document.

Impacts of the adoption of the above accounting standards and regulation are as follows:

(i) Held for sale and discontinued operations

Pursuant to the requirements of CAS 42 relating to the classification, measurement and presentation of non-current assets or disposal groups held for sale and the presentation of discontinued operations, the Group has revisited the existing non-current assets or disposal groups held for sale and discontinued operations as of 28 May 2017, and applied the related accounting policies prospectively. The adoption of CAS 42 has no material effect on the financial position and financial performance of the Group.

After the adoption of CAS 42, the Group has revised the presentation of the financial statements, including the separate presentation from continuing operations and discontinued operations in the consolidated income statement and income statement.

(ii) Government grants

Pursuant to CAS 16 (2017), the Group has revisited the existing government grants as of 1 January 2017, and applied the related accounting policies prospectively. The Group's accounting treatment and disclosures of the government grants in 2016 are based on the previously applicable CAS requirements before the issuance of CAS 16 (2017).

The impact of adoption of CAS 16 (2017) is as follows:

- A government grant related to an asset, which belongs to MOF Subsidy for basic infrastructure loans interests, and is previously recognised as deferred income is offset against the carrying amount of the related asset;

- A government grant related to income previously recognised as non-operating income is reclassified as other income in the income statement based on the economic substance if the government grant received is related to the Group's ordinary activities. The government grant is included in non-operating income or expenses if it is not related to the Group's ordinary activities.

(iii) Gains from asset disposals

The Group has prepared financial statements for the year ended 31 December 2017 in accordance with Caikuai [2017] No.30. Comparative figures have been adjusted retrospectively. The adoption of Caikuai [2017] No.30 has no material effect on the financial position and financial performance of the Group.

According to this regulation, the Group has added a separate line item "Gains from asset disposals" in the income statement. Gains or losses from disposals of non-current assets (excluding financial instruments, long-term equity investment and investment properties) or disposal groups classified as held for sale, and gains or losses from disposals of fixed assets, construction in progress, bearer biological assets and intangible assets not classified as held for sale are included in this item. In addition, gains or losses from disposals of non-current assets arising from debt restructuring or gains or losses from non-monetary exchanges are included in this item. The above gains or losses were previously presented in "Non-operating income" or "Non-operating expenses".

(b) Effect of changes in accounting policies on the current year financial statements

The following tables provide estimates of the impact on each of the line items in the consolidated income statement and income statement, and the consolidated balance sheet and balance sheet for the year ended 31 December 2017 had the previous policies still been applied in the year.

- The effects on each of the line items in the 2017 consolidated income statement and income statement are analysed as follows:

	Note	*Effect of new policy increase / (decrease) in the line items for the year*	
		The Group	*The Company*
Operating costs		(14,241,020)	(34,727)
Gains from asset disposals		36,465,267	760,643
Other income	53	128,465,639	73,900
Non-operating income		(179,171,926)	(799,816)
Profit before income tax		-	-
Less: Income tax expense		-	-
Net profit and total comprehensive income for the year		-	-

- The effects on each of the line items in the consolidated balance sheet and balance sheet for the year ended 31 December 2017 are analysed as follows:

	Effect of new policy increase / (decrease) in the line items	
	The Group	*The Company*
Assets		
Fixed assets	(184,862,328)	(1,762,409)
Liabilities		
Deferred income	(184,862,328)	(1,762,409)
Owners' equity	-	-

5 Taxation

(1) Main types of taxes and corresponding tax rates

Tax type	*Tax basis*	*Tax rate*
Value added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	17%、6%
Business tax	Based on taxable revenue before 1 May 2016. According to Caishui [2016] No. 36, jointly issued by MOF and the State Administration of Taxation, all taxpayers subject to business tax in China are included in the scope of the VAT pilot scheme. Effective from 1 May 2016, those taxpayers are required to pay VAT in lieu of business tax.	5%
City maintenance and construction tax	Based on business tax and VAT paid	1% - 7%
Education surcharges	Based on business tax and VAT paid	3%

Pursuant to the Notice of the Ministry of Finance (MOF) and the State Administration of Taxation (SAT) on Issues Related to Policies on Value Added Tax (VAT) on Wind Power Generation Products (Cai Shui [2015] No.74), wind power generation plants are entitled to a 50% refund of the VAT levied on electricity generated from 1July 2015.

Pursuant to the Notice of the MOF and SAT Concerning Policies on Value Added Tax on Products Made through Comprehensive Utilisation of Resources and Labour Service (Cai Shui [2015] No.78), power generation plants which sell electricity or heating products generated by refuse incineration or methane gas made from waste,and which in accordance with the technical standards and related conditions listed in the Notice are entitled to a 100% refund of the VAT levied on electricity generated from 1 July 2015.

(2) Income tax

The statutory income tax rate applicable to the Company and subsidiaries in mainland China for the year is 25% (2016: 25%). Pursuant to the *Notice of the MOF and SAT on Issues Related to Implementation of the List of Public Infrastructure Projects Enjoying Preferential Corporate Income Tax Treatment* (Cai Shui [2008] No.46) and the *Notice of the SAT on Issues Related to Implementation of Preferential Corporate Income Tax Treatment for Key Public Infrastructure Projects Supported by the State* (Guo Shui Fa [2009] No.80), for companies in mainland China engaged in projects included in the “List of Public Infrastructure Projects Enjoying Preferential Corporate Income Tax Treatment” that meet the relevant requirements and technical standards, as well as the relevant investment management requirements of the State, their revenue from investing in and operating the public infrastructure projects approved after 1 January 2008 is exempted from paying corporate income tax for three years counting from the tax year in which the first income is generated, and can enjoy half rate reduction in the following three years. Pursuant to the *Notice of the MOF, General Administration of Customs and SAT on Tax Policy Issues Concerning Further Implementation of the Strategy for Developing Western Region* (Cai Shui [2011] No.58), companies in mainland China engaged in encouraged industries in the western area can enjoy the preferential corporate tax rates of 15% from 1 January 2011 to 31 December 2020, and this will not affect the tax exemption period they are entitled to. Pursuant to *Notice of the MOF and SAT* on *Small Profit Enterprise Income Tax Preferential Policies* (Cai Shui [2015] No.34), for part companies in mainland China can enjoy 50% reduction on taxable income and the preferential corporate tax rates of 20%.

The income tax rate applicable to Huadian Fuxin International Investment Company Limited, a subsidiary of the Group incorporated in Hong Kong, is 16.5% for the year; and that applicable to Elecdey Barchín, S.A.–Sociedad Unipersonal, a subsidiary of the Group incorporated in Spain, is 28% for the year.

6 Business combinations and the consolidated financial statements

(1) As at 31 December 2017, the consolidated financial statements included the following particular subsidiaries:

No.	*Name*	*Principal place of Business and Registration place*	*Business nature*	*Registered capital*	*Shareholding percentage direct / indirect*	*Voting rights direct / indirect*
1	Fujian Huadian Kemen Power Generation Company Limited	Lianjiang, Fujian	Coal-fired power generation	RMB 900,000,000	100%	100%
2	Fujian Mianhuatan Hydropower Development Co., Ltd. (i)(ii)	Longyan, Fujian	Hydropower generation	RMB 800,000,000	60%	82%
3	Huadian Ningde Hydropower Development Co., Ltd.(Former: Mindon Hydropower Development Co., Ltd) (i)(ii)	Ningde, Fujia	Hydropower generation	RMB 250,404,900	51%	100%
4	Fujian Huadian Shaowu Power Generation Co., Ltd.	Shaowu, Fujian	Coal-fired power generation	RMB 10,000,000	100%	100%
5	Fujian Huadian Yong'an Power Generation Co., Ltd.	Yong'an, Fujian	Coal-fired power generation	RMB 663,000,000	100%	100%
6	Huadian Zhangping Energy Co., Ltd.(Former: Fujian Huadian Zhangping Coal-fired Power Co.,Ltd)	Zhangping, Fujian	Coal-fired power generation	RMB 912,814,572	100%	100%
7	Fujian Huadian Jinhu Power Generation Co., Ltd(Former: Fujian Jinhu Power Generation Co., Ltd). (i)(ii)	Jiangle, Fujian	Hydropower generation	RMB 100,000,000	50%	55%
8	Fujian Huadian Gaosha Hydropower Co., Ltd.(Former: Fujian Gaosha Hydropower Co., Ltd.) (i)(ii)	Shaxian, Fujian	Hydropower generation	RMB 66,000,000	62%	65%
9	Fujian Shaxian Energy Power Co., Ltd.(Former: Fujian Shaxian Chengguan Hydropower Co., Ltd) (i)(ii)	Shaxian, Fujian	Hydropower generation	RMB 66,000,000	40%	65%
10	Fujian Huadian Wan'anxi Energy Co., Ltd.(Former: Fujian Longyan Wan'anxi Hydropower Co., Ltd.)(i)(ii)	Longyan, Fujian	Hydropower generation	RMB 40,000,000	41%	51%
11	Gansu Huadian Huanxian Wind Power Co., Ltd.	Huanxian, Gansu	Wind power generation	RMB 722,000,000	100%	100%
12	Shanghai Huadian Minhang Energy Co., Ltd.	Shanghai	Distributed energy power generation	RMB 180,000,000	100%	100%
13	Xinjiang Huadian Xuehu Wind Power Co., Ltd.	Urumqi, Xinjiang	Wind power generation	RMB 187,000,000	100%	100%
14	Yunnan Huadian Daheishan Wind Power Co., Ltd.	Kaiyuan, Yunnan	Wind power generation	RMB 195,000,000	85%	85%
15	Huadian Xinghua Solar Power Co., Ltd.	Taizhou, Jiangsu	Solar power generation	RMB 284,000,000	100%	100%
16	Gansu Huadian Guazhou Wind Power Co., Ltd.	Guazhou, Gansu	Wind power generation	RMB 295,000,000	100%	100%
17	Gansu Huadian Yumen Wind Power Co., Ltd.	Yumen, Gansu	Wind power generation	RMB 525,000,000	100%	100%
18	Huadian Jilin Da'an Wind Power Co., Ltd.	Da'an, Jilin	Wind power generation	RMB 219,020,000	100%	100%
19	Inner Mongolia Huadian Huitengxile Wind Power Co., Ltd.	Wulanchabu, Inner Mongolia	Wind power generation	RMB 547,000,000	100%	100%

No.	*Name*	*Principal place of Business and Registration place*	*Business nature*	*Registered capital*	*Shareholding percentage direct / indirect*	*Voting rights direct / indirect*
20	Inner Mongolia Huadian Bayin Wind Power Co., Ltd.	Baotou, Inner Mongolia	Wind power generation	RMB 282,000,000	100%	100%
21	Inner Mongolia Huadian Wutaohai Wind Power Co., Ltd.	Keshiketengqi, Inner Mongolia	Wind power generation	RMB 480,000,000	100%	100%
22	Huadian Tieling Wind Power Co., Ltd.	Tieling, Liaoning	Wind power generation	RMB 183,500,000	100%	100%
23	Hebei Huadian Shangyi Wind Power Co., Ltd	Shangyi, Hebei	Wind power generation	RMB 243,310,000	70%	70%
24	Inner Mongolia Huadian Meiguiying Wind Power Co., Ltd	Wulanchabu, Inner Mongolia	Wind power generation	RMB 335,250,000	100%	100%
25	Shanxi Huadian Guangling Wind Power Co., Ltd. (i)(ii)	Guangling, Shanxi	Wind power generation	RMB 250,000,000	65%	100%
26	Shanxi Huadian Yanggao Wind Power Co., Ltd. (i)(ii)	Yanggao, Shanxi	Wind power generation	RMB 80,000,000	65%	100%
27	Guangzhou University Town Huadian New Energy Co., Ltd.(i)(ii)	Guangzhou, Guangdong	Distributed energy power generation	RMB 294,360,000	55%	100%
28	Zhouning Huadian Energy Co., Ltd. (i)(ii)	Zhouning, Fujian	Hydropower generation	RMB 60,000,000	70%	100%
29	Maoming Zhong'ao Wind Power Co., Ltd. (i)(ii)	Maoming, Guangdong	Wind power generation	RMB 83,288,000	51%	100%
30	Qitaihe Honghao Wind Power Co., Ltd. (i)(ii)	Qitaihe, Heilongjiang	Wind power generation	RMB 75,000,000	60%	100%
31	Fujian Shunchang Yangkou Hydropower Co., Ltd. (i)(ii)	Shunchang, Fujian	Hydropower generation	RMB 66,000,000	55%	75%
32	Fujian Songxixian Jinxing Hydropower Co., Ltd. (i)(ii)	Songxi, Fujian	Hydropower generation	RMB 13,000,000	45%	80%
33	Huadian Fuxin Xinjiang Energy Co., Ltd.	Hami, Xinjiang	Power generation	RMB 348,000,000	100%	100%
34	Damaoqi Concord Wind Power Co., Ltd.	Baotou, Inner Mongolia	Wind power generation	RMB 240,000,000	100%	100%
35	Gansu Jingyuan Hangtian Wind Power Co., Ltd.	Jingyuan, Gansu	Wind power generation	RMB 215,000,000	98%	98%
36	Huadian Fuxin International Investment Co., Ltd.	Hong Kong	Investment holding	HKD 390,000,000	100%	100%
37	Elecdey Barchín, S.A.-Sociedad Unipersonal	Spain	Wind power generation	EUR 200,000	100%	100%

i. The “proportion of shareholding” is smaller than the “proportion of voting rights” in the above because: “proportion of shareholding” refers to the proportion of interests in the investee (the impact of indirect shareholding is calculated where there is indirect shareholding), while “proportion of voting rights” refers to the proportion of voting rights controlled by the investee’s decision-making body (including the voting rights of indirect shareholding and the voting rights controlled through shareholder voting agreements, where applicable).

ii. During the above financial statement period, the Group signed shareholder voting agreements with some of the investee’s minority shareholders. Pursuant to the agreements, these minority shareholders agree to take the same stance as the Group when voting on the investee’s financial and operating decisions from the date the investee is established, and continue to do so throughout their entire shareholding period.

(2) Business combinations involving enterprises under common control during the year

Business combination of Huadian Shanxi Energy Company Limited Yanhu Wind Power Branch

On 31 December 2017, Shanxi Ruicheng Huadian Fuxin Solar Power Company Limited, the Company's subsidiary, acquired Yanhu wind power branch ("Yanhu Wind Power") of Huadian Shanxi Energy Company Limited ("Shanxi Energy") from Shanxi Energy, a subsidiary of Huadian, at a cash consideration of RMB198,173,231.

As the Company, Yanhu Wind Power is under common control of Huadian, the acquisitions are determined as business combinations under common control. Assets and liabilities of Yanhu Wind Power is recognised at the carrying amounts recognised previously in Huadian's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the combinations had occurred at the beginning of the periods presented.

	From 1 January 2017 to combination date
Revenue	81,992,794
Net profit	45,066,388
Net cash inflow	1,605,782

The carrying amount of assets and liabilities are as follows:

	31 December 2017	*31 December 2016*
Cash at bank and on hand	6,775,134	5,169,351
Accounts receivable	124,965,394	87,857,991
Prepayments	182,576	216,163
Other receivables	17,728	15,416
Other current assets	6,659,681	18,386,486
Fixed assets	305,333,656	320,377,849
Construction in progress	1,033,980	-
Intangible assets	2,770,840	2,959,000
Long-term deferred expenses	1,946,954	2,276,006
Accounts payable	(3,419,083)	(3,633,760)
Employee benefits payable	(55,083)	(104,029)
Taxes payable	(160,999)	(4,120)
Interest payable	(373,498)	(412,443)
Other payables	(151,499,846)	(147,669,634)
Non-current liabilities due within one year	(14,304,608)	(30,150,000)
Long-term loans	(173,685,392)	(187,990,000)
Net assets	106,187,434	67,294,276

(3) Material non-controlling interests

Ownership interests held by non-controlling interests ("NCI") of the Company's subsidiaries that are material to the Group are set out as follows:

2017

Name of the Subsidiary	*Proportion of ownership interest held by NCI*	*Profit or loss allocated to NCI during the year*	*Dividend paid to NCI during the year*	*Disposal during the year*	*Accumulated NCI at the end of the year*
Fujian Mianhuatan Hydropower Development Co., Ltd. ("Mianhuatan Hydropower")	40%	101,883,549	75,261,256	-	884,716,895
Ningde Hydropower Development Co., Ltd. ("Ningde Hydropower")	49%	68,180,964	45,758,774	-	295,979,906
Guangzhou University Town Huadian New Energy Co., Ltd. ("Guangzhou New Energy")	45%	19,572,895	20,160,000	-	161,752,642
Fujian Huadian Jinhu Power Generation Co., Ltd. ("Fujian Jinhu")	49.97%	34,682,449	10,106,851	604,706	192,460,675

2016

Name of the Subsidiary	*Proportion of ownership interest held by NCI*	*profit or loss allocated to NCI during the year*	*Dividend paid to NCI during the year*	*Accumulated NCI at the end of the year*
Mianhuatan Hydropower	40%	271,897,385	193,950,859	858,094,602
Ningde Hydropower	49%	95,827,865	60,809,000	273,557,716
Guangzhou New Energy	45%	22,412,223	14,940,000	162,339,747
Fujian Jinhu	49.97%	60,053,969	76,700,606	168,489,783

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made in light of the fair value at the consolidation date and any differences in accounting policies:

	Mianhuatan Hydropower		*Ningde Hydropower*	
	2017	*2016*	*2017*	*2016*
Current assets	54,139,807	165,297,718	36,379,893	39,825,825
Non-current assets	3,007,215,134	3,115,453,310	995,804,244	1,032,150,182
Total assets	3,061,354,941	3,280,751,028	1,032,184,137	1,071,976,007
Current liabilities	332,956,059	537,487,408	152,085,472	191,012,264
Non-current liabilities	516,606,645	598,027,115	276,058,041	322,682,690
Total liabilities	849,562,704	1,135,514,523	428,143,513	513,694,954
Operating income	599,677,737	1,235,932,607	315,368,947	414,516,911
Net profit	254,708,873	679,743,463	139,144,825	195,567,071
Total comprehensive income	254,708,873	679,743,463	139,144,825	195,567,071
Cash flows from operating activities	368,379,704	938,954,220	217,790,023	341,561,371

	Guangzhou New Energy		*Fujian Jinhu*	
	2017	*2016*	*2017*	*2016*
Current assets	90,434,828	70,851,703	28,548,422	47,185,436
Non-current assets	400,124,085	419,073,439	704,214,255	739,958,577
Total assets	490,558,913	489,925,142	732,762,677	787,144,013
Current liabilities	47,635,178	39,016,253	129,529,712	185,299,374
Non-current liabilities	83,473,420	90,153,896	218,080,524	264,662,764
Total liabilities	131,108,598	129,170,149	347,610,236	449,962,138
Operating income	481,195,991	478,184,777	246,698,636	337,362,485
Net profit	43,495,322	49,804,940	69,406,542	120,180,046
Total comprehensive income	43,495,322	49,804,940	69,406,542	120,180,046
Cash flows from operating activities	87,942,442	113,320,654	134,734,559	186,844,579

7 Cash at bank and on hand

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Cash on hand	244,272	211,888	48,830	49,657
Deposits with banks	2,127,026,200	2,959,239,291	91,004,115	488,806,408
Total	2,127,270,472	2,959,451,179	91,052,945	488,856,065
Less: Guarantee deposit (i)	-	58,495,218	-	-
Deposit with banks for specific purpose (ii)	5,367,005	5,836,653	3,860,982	3,851,734
Cash and cash equivalents	2,121,903,467	2,895,119,308	87,191,963	485,004,331

(i) Guarantee deposits refer to those for bank acceptance bills and performance bond.

(ii) Deposit with banks for specific purpose are mainly “amounts from unit sale in housing reform” and public maintenance funds. According to the Notice on Opinions on Strengthened Administration of Income from Sale of State-owned Houses (Guo Ban [1996] No. 34), income from the sale of state-owned houses will be put under the special account of “amounts from unit sale in housing reform” and public maintenance funds for specific use.

8 Bills receivable

	The Group	
	2017	*2016*
Bank acceptance bills	190,512,064	167,616,211

All of the above bills held by the Group are due within one year.

9 Accounts receivable

(1) Accounts receivable by nature are as follows:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Sales of electricity	6,667,036,853	4,787,098,609	19,611,478	146,718,243
Others	144,292,299	195,170,387	-	-
Sub-total	6,811,329,152	4,982,268,996	19,611,478	146,718,243
Less: Provision for bad and doubtful debts	9,922,901	9,925,351	-	-
Total	6,801,406,251	4,972,343,645	19,611,478	146,718,243

The amounts of accounts receivable are mainly due from the third parties.

(2) The ageing analysis of accounts receivable is as follows:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Within 1 year (inclusive)	4,924,937,255	3,793,679,365	19,611,478	142,507,007
Over 1 year but within 2 years (inclusive)	1,485,208,308	1,017,012,739	-	4,211,236
Over 2 years but within 3 years (inclusive)	325,556,472	119,351,080	-	-
Over 3 years	75,627,117	52,225,812	-	-
Sub-total	6,811,329,152	4,982,268,996	19,611,478	146,718,243
Less: Provision for bad and doubtful debts	9,922,901	9,925,351	-	-
Total	6,801,406,251	4,972,343,645	19,611,478	146,718,243

The ageing is counted starting from the date when accounts receivable are recognised.

(3) An analysis of the movements of provisions for impairment of receivables for the year is as follows:

	The Group	
	2017	*2016*
Balance at the beginning of the year	9,925,351	34,489,660
Additions during the year	-	2,448,682
Reversals during the year	(2,450)	(9,037,058)
Written-off during the year	-	(17,975,933)
Balance at the end of the year	9,922,901	9,925,351

The Group's accounts receivable of RMB9,922,901 as at 31 December 2017 (31 December 2016: RMB9,925,351) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

10 Prepayments

(1) Prepayments by category are as follows:

	The Group	
	2017	*2016 (Restated)*
Fuels and spare parts prepayments	88,027,491	96,917,519
Others	48,171,885	32,214,187
Sub-total	136,199,376	129,131,706
Less: Provision for impairment	18,810	18,810
Total	136,180,566	129,112,896

(2) The ageing analysis of prepayments is as follows:

	The Group	
	2017	*2016 (Restated)*
Within 1 year (inclusive)	69,657,700	112,170,093
Over 1 year but within 2 years (inclusive)	63,977,875	10,965,585
Over 2 years but within 3 years (inclusive)	1,126,064	5,142,514
Over 3 years	1,437,737	853,514
Sub-total	136,199,376	129,131,706
Less: Provision for impairment	18,810	18,810
Total	136,180,566	129,112,896

The ageing is counted starting from the date when prepayments are recognised.

(3) An analysis of the movements of provisions for impairment for the year is as follows:

	The Group	
	2017	*2016*
Balance at the beginning of the year	18,810	18,810
Additions during the year	11,700	-
Written-off during the year	(11,700)	-
Balance at the end of the year	18,810	18,810

11 Other receivables

(1) Other receivables by customer are as follows:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Amounts due from subsidiaries	-	-	1,078,457,778	1,255,738,399
Amounts due from other related parties	61,499,123	53,274,811	135,000	135,000
Amounts due from non-related parties:				
- Deposit	34,511,225	39,991,688	-	9,000,000
- CER receivable	92,333,005	92,333,005	-	-
- Others	202,214,257	242,936,008	27,031,224	30,421,759
Sub-total	390,557,610	428,535,512	1,105,624,002	1,295,295,158
Less: Provision for bad and doubtful debts	158,514,362	147,111,503	7,076,949	7,076,949
Total	232,043,248	281,424,009	1,098,547,053	1,288,218,209

(2) The ageing analysis of other receivables is as follows:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Within 1 year (inclusive)	82,750,460	130,284,463	1,070,461,171	1,210,465,835
Over 1 year but within 2 years (inclusive)	51,854,216	19,220,241	19,927,183	58,660,618
Over 2 years but within 3 years (inclusive)	9,792,502	95,681,821	-	19,000,000
Over 3 years	246,160,432	183,348,987	15,235,648	7,168,705
Sub-total	390,557,610	428,535,512	1,105,624,002	1,295,295,158
Less: Provision for bad and doubtful debts	158,514,362	147,111,503	7,076,949	7,076,949
Total	232,043,248	281,424,009	1,098,547,053	1,288,218,209

The ageing is counted starting from the date when other receivables are recognised.

(3) An analysis of the movements of provisions for impairment of receivables for the year is as follows:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Balance at the beginning of the year	147,111,503	181,956,781	7,076,949	6,669,535
Additions during the year	18,308,273	39,858,460	-	407,414
Reversals during the year	(2,453,271)	-	-	-
Written-off during the year	(4,452,143)	(74,703,738)	-	-
Balance at the end of the year	158,514,362	147,111,503	7,076,949	7,076,949

The Group's other receivables of RMB158,514,362 as at 31 December 2017 (31 December 2016: RMB147,111,503) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

12 Inventories

(1) An analysis of the movements of inventories for the year is as follows:

	The Group			
	Balance at 1 January 2017	*Additions during the year*	*Reductions during the year*	*Balance at 31 December 2017*
Coal and natural gas	127,744,005	4,632,926,615	4,622,257,097	138,413,523
Fuel oil	3,807,734	1,155,709	1,190,517	3,772,926
Spare parts and others	117,934,818	247,750,600	230,493,701	135,191,717
Sub-total	249,486,557	4,881,832,924	4,853,941,315	277,378,166
Less: Provision for impairment of inventories	-	-	-	-
Total	249,486,557	4,881,832,924	4,853,941,315	277,378,166

	The Group			
	Balance at 1 January 2016	*Additions during the year*	*Reductions during the year*	*Balance at 31 December 2016*
Coal and natural gas	246,717,947	3,372,301,745	3,491,275,687	127,744,005
Fuel oil	6,957,230	915,386	4,064,882	3,807,734
Spare parts and others	152,731,402	371,330,841	406,127,425	117,934,818
Sub-total	406,406,579	3,744,547,972	3,901,467,994	249,486,557
Less: Provision for impairment of inventories	8,373,426	686,572	9,059,998	-
Total	398,033,153	3,743,861,400	3,892,407,996	249,486,557

The provision for impairment of inventories mainly represents the provision for impairment of spare parts of retired fixed assets. Management considered any excess of the cost over the net realisable value of each item of inventories recognised as a provision for impairment, and is recognised in profit or loss.

At the beginning and the end of the year, no inventories were pledged as security by the Group.

(2) An analysis of provision for impairment of inventories is as follows:

	The Group				
	Balance at 1 January 2017	*Provision made for the year*	*Written back during the year*		*Balance at 31 December 2017*
			Reversals	*Transferred out*	
Spare parts and others	-	-	-	-	-

	The Group				
	Balance at 1 January 2016	*Provision made for the year*	*Written back during the year*		*Balance at 31 December 2016*
			Reversals	*Transferred out*	
Spare parts and others	8,373,426	686,572	-	9,059,998	-

13 Other current assets

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Deductible VAT input tax	1,166,463,197	1,097,467,865	14,879,515	1,970,974
Income tax paid in advance	9,641,626	38,104,888	-	-
Others	4,652,560	3,741,245	-	-
Total	1,180,757,383	1,139,313,998	14,879,515	1,970,974

14 Available-for-sale financial assets

		The Group		*The Company*	
	Note	*2017*	*2016*	*2017*	*2016*
Equity instruments					
- measured at cost		599,754,330	599,754,330	246,499,229	246,499,229
- measured at fair value	*(i)*	285,221,521	300,856,237	-	-
Sub-total		884,975,851	900,610,567	246,499,229	246,499,229
Less: Provision for impairment	*(ii)*	4,800,000	4,800,000	-	-
Total		880,175,851	895,810,567	246,499,229	246,499,229

(i) Pursuant to the agreement with China Energy Engineering Corporation Limited ("China Energy Engineering"), The Group has subscribed for the 243,722,000 shares of China Energy Engineering at the price of HK$ 1.59 per share on 8 December 2015. At 8 December 2015, the Group recognised it as available-for-sale financial assets and measured it at fair value. During the year of 2017, the net change in the fair value of available-for-sale financial assets recognised in the other comprehensive income was RMB15,634,716.

(ii) The Company's subsidiary, Heilongjiang Huafu Power Investment Company Limited ("Heilongjiang Huafu") held 24% equity interest in Hainan Fangyuan Water World Company Limited. In recent years, Heilongjiang Huafu had lost contact with Hainan Fangyuan Water World Company Limited. The Group believed that the investment was not recoverable, thus fully provided for impairment.

15 Long-term receivables

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Disposal of fixed assets by installments	46,741,278	60,757,817	-	-
Loans due from related parties	28,178,700	28,178,700	3,078,020,000	2,170,520,000
Sub-total	74,919,978	88,936,517	3,078,020,000	2,170,520,000
Less: Due within one year	28,178,700	-	-	-
Total	46,741,278	88,936,517	3,078,020,000	2,170,520,000

16 Long-term equity investments

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Investments in subsidiaries	-	-	20,198,420,284	18,875,620,284
Investments in joint ventures	135,538,126	119,071,430	78,988,000	78,988,000
Investments in associates	8,054,514,230	7,386,796,917	7,350,219,896	6,688,194,498
Total	8,190,052,356	7,505,868,347	27,627,628,180	25,642,802,782

(1) As at 31 December 2017, the Company's investments in subsidiaries were as follows:

	The Company	
	2017	*2016*
Fujian Huadian Kemen Power Generation Co., Ltd.	900,000,000	900,000,000
Fujian Huadian Yong'an Power Generation Co., Ltd.	663,000,000	663,000,000
Huadian Zhangping Energy Co., Ltd.	868,814,572	842,814,572
Mianhuatan Hydropower Development Co., Ltd	483,331,534	483,331,534
Huadian Fuxin International Investment Co., Ltd.	308,111,700	308,111,700
Huadian Xinghua Solar Power Co., Ltd.	284,000,000	259,000,000
Yunnan Huadian Daheishan Wind Power Co., Ltd.	292,750,000	241,500,000
Damaoqi Concord Wind Power Co., Ltd.	291,000,000	275,000,000
Huadian Fuxin Xinjiang Energy Co., Ltd.	348,000,000	348,000,000
Inner Mongolia Huadian Wutaohai Wind Power Co., Ltd.	480,000,000	445,000,000
Inner Mongolia Huadian Bayin Wind Power Co., Ltd.	302,000,000	282,000,000
Inner Mongolia Huadian Huitengxile Wind Power Co., Ltd.	607,000,000	547,000,000
Inner Mongolia Huadian Meiguiying Wind Power Co., Ltd.	345,437,500	345,437,500
Guangzhou University Town Huadian New Energy Co., Ltd.	202,253,400	202,253,400
Gansu Jingyuan Hangtian Wanyuan Wind Power Co., Ltd.	214,978,445	210,978,445
Gansu Huadian Guazhou Wind Power Co., Ltd.	295,000,000	295,000,000
Gansu Huadian Huanxian Wind Power Co., Ltd.	722,000,000	722,000,000
Gansu Huadian Yumen Wind Power Co., Ltd.	525,000,000	525,000,000
Others	12,065,743,133	10,980,193,133
Sub-total	20,198,420,284	18,875,620,284
Less: Provision for impairment	-	-
Total	20,198,420,284	18,875,620,284

Detailed information about the particular subsidiaries is set out in Note 6.

(2) As at 31 December 2017, the Group's and the Company's investments in joint ventures were as follows:

		The Group		*The Company*	
	Note	*2017*	*2016*	*2017*	*2016*
Immaterial joint ventures	*(i)*	135,538,126	119,071,430	78,988,000	78,988,000
Less: Provision for impairment		-	-	-	-
Total		135,538,126	119,071,430	78,988,000	78,988,000

(i) Details of immaterial joint ventures accounted for using the equity method is summarised as follows:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Aggregate carrying amount of investments	135,538,126	119,071,430	78,988,000	78,988,000
Aggregate amount of share of				
- Net profit	13,198,089	778,510	-	-
- Total comprehensive profit	13,198,089	778,510	-	-

(3) As at 31 December 2017, the Group's and the Company's investments in associates were as follows:

		The Group		*The Company*	
	Note	*2017*	*2016*	*2017*	*2016*
Material associates	*(i)*	7,902,518,964	7,235,746,537	7,350,219,896	6,688,194,498
Immaterial associates	*(ii)*	151,995,266	151,050,380	-	-
Sub-total		8,054,514,230	7,386,796,917	7,350,219,896	6,688,194,498
Less: Provision for impairment		-	-	-	-
Total		8,054,514,230	7,386,796,917	7,350,219,896	6,688,194,498

(i) Details of the Group's material associates are as follows:

Name of enterprise	*Principal place of business*	*Registered place*	*Registered capital*	*Shareholding percentage*	*Business nature*	*Strategic to the Group's activities?*
Fujian Fuqing Nuclear Power Co., Ltd. ("Fuqing Nuclear")	Fujian China	China	RMB 11,763,000,000	39%	Nuclear power generation	Yes
Concord New Energy Group Limited ("Concord New Energy ") (Previous known as "China WindPower Group Limited") (Note 1)	Mainland China	Bermuda	HKD 86,767,950	10.14%	Power station construction	Yes
Zhonghai Fujian Gas Power Generation Co., Ltd. ("Zhonghai Gas Power")	Fujian China	China	RMB 777,000,000	25%	Gas power generation	No
Pingnan Houlongxi Hydropower Co., Ltd. ("Pingnan Houlongxi")	Fujian China	China	RMB 86,000,000	45%	Hydropower generation	No
Sanmen Nuclear Power Co., Ltd. ("Sanmen Nuclear Power") (Note 2)	Zhejiang China	China	RMB 9,846,970,000	10%	Nuclear power generation	No

Note 1: The Group holds 10.14% equity interest and voting rights in Concord New Energy. Though it holds less than 20% percent of the voting rights, because that the Group has representation on the board of directors and participates in the financial and operating policy-making processes of Concord New Energy. The management of the Group determine that the Group has significant influence over Concord New Energy, treats the investment as investment in associates and accounts for it using the equity method.

Note 2: According to the agreement between the Group and Huadian Group, the Group aquired 10% shares of Sanmen Nuclear Power on 23 March 2015 at a total consideration of RMB1,115,857,449. Pursuant to the articles of association of Sanmen Nuclear Power, the Group has right to participate in the financial decisions and policy-making process and assign a director representation on the board of directors of Sanmen Nuclear Power. The management of the Group determine that the Group has significant influence over Sanmen Nuclear Power, treats the investment as investment in associates and accounts for it using the equity method.

The following table sets out the key financial information of the Group's material associates, adjusted for fair value adjustments at the time of acquisition and any differences in adopting accounting policies of the Group. The table also reconciles the key financial information to the carrying amount of the Group's investments in the joint ventures when using the equity method:

	Fuqing Nuclear		*Concord New Energy*		*Zhonghai Gas Power*		*Pingnan Houlouxi*		*Sanmen Nuclear Power*	
	2017	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*
Current assets	4,840,507,167	3,930,354,980	3,708,449,402	6,677,818,272	327,041,199	491,114,911	6,723,482	41,457,550	2,202,904,721	1,658,902,545
Non-current assets	64,628,059,708	58,563,365,030	10,114,044,851	6,861,188,243	2,324,117,401	2,565,145,553	323,024,242	340,667,992	57,838,226,990	54,073,853,720
Total assets	69,468,566,875	62,493,720,010	13,822,494,253	13,539,006,515	2,651,158,600	3,056,260,464	329,747,724	382,125,542	60,041,131,711	55,732,756,265
Current liabilities	7,835,448,862	5,276,880,594	3,616,445,247	5,788,132,670	606,696,298	828,247,086	71,146,462	127,553,717	3,268,454,562	2,423,747,999
Non-current liabilities	47,242,325,494	44,005,064,931	5,935,544,927	3,325,465,369	1,130,000,000	1,130,000,000	-	-	42,284,279,656	40,025,162,773
Total liabilities	55,077,774,356	49,281,945,525	9,551,990,174	9,113,598,039	1,736,696,298	1,958,247,086	71,146,462	127,553,717	45,552,734,218	42,448,910,772
Net assets	14,390,792,519	13,211,774,485	4,270,504,079	4,425,408,476	914,462,302	1,098,013,378	258,601,262	254,571,825	14,488,397,493	13,283,845,493
Group's share of net assets	5,612,409,082	5,152,592,049	433,029,114	446,081,174	228,615,576	274,503,344	116,370,568	114,557,321	1,448,839,749	1,328,384,549
Carrying amount of interests in associates	5,657,272,417	5,091,543,249	449,146,954	446,081,174	228,615,576	274,503,344	116,370,568	114,557,321	1,451,113,449	1,309,061,449
Operating income	7,364,820,628	5,256,438,538	1,035,967,423	1,785,165,973	2,278,867,090	2,186,783,777	42,756,895	68,406,743	-	-
Net profit	1,747,730,033	1,413,492,808	206,617,873	461,616,413	45,588	203,996,289	2,639,975	17,556,351	-	-
Total comprehensive income	1,747,739,435	1,413,446,652	195,378,813	468,270,624	45,588	203,996,289	2,639,975	17,556,351	-	-
Dividends received / receivable from associates during the year	847,080,000	287,040,000	7,556,472	7,871,688	45,899,165	67,434,413	-	-	-	-

(ii) Details of immaterial associates accounted for using the equity method are summarised as follows:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Aggregate carrying amount of investments	151,995,266	151,050,380	-	-
Aggregate amount of share of				
- Net profit / (loss)	6,847,428	(23,757,175)	-	-
- Total comprehensive income	6,847,428	(23,757,175)	-	-

17 Fixed assets

(1) Fixed assets by category:

The Group

	Buildings & structures	*Machinery & related equipment*	*Motor vehicles*	*Electronic equipment & others*	*Total*
Cost					
Balance at 31 December 2015	15,198,399,111	63,242,600,186	287,267,967	346,600,914	79,074,868,178
Additions through business combination	9,782,043	319,936,475	687,047	542,681	330,948,246
Balance at 1 January 2016	15,208,181,154	63,562,536,661	287,955,014	347,143,595	79,405,816,424
Additions during the year					
- Additions	33,651,163	27,883,222	12,949,519	14,768,131	89,252,035
- Transfer from construction in progress	830,846,015	11,231,550,601	9,654,091	34,092,410	12,106,143,117
Disposal during the year	(140,877,769)	(125,986,005)	(13,719,788)	(5,649,837)	(286,233,399)
Transfer to construction in progress	-	(37,439,502)	-	(116,863)	(37,556,365)
Exchange differences	-	7,338,868	-	-	7,338,868
Balance at 31 December 2016	15,931,800,563	74,665,883,845	296,838,836	390,237,436	91,284,760,680
Additions during the year					
- Additions	1,064,988	11,085,106	3,497,539	10,318,232	25,965,865
- Transfer from construction in progress	410,813,347	3,712,311,138	8,594,226	12,091,404	4,143,810,115
Disposal during the year	(33,255,485)	(115,702,005)	(30,684,093)	(13,596,432)	(193,238,015)
MOF subsidy offset	(688,504)	(197,343,313)	-	(1,071,531)	(199,103,348)
Transfer from intangible assets	8,668,318	41,479,424	-	-	50,147,742
Exchange differences	-	17,185,299	-	-	17,185,299
Reclassification	(29,084,427)	31,852,962	(10,470,087)	7,701,552	-
Balance at 31 December 2017	16,289,318,800	78,166,752,456	267,776,421	405,680,661	95,129,528,338
Less: Accumulated depreciation					
Balance at 31 December 2015	3,875,169,733	11,635,069,911	176,146,477	179,799,965	15,866,186,086
Additions through business combination	145,514	5,914,234	122,551	74,838	6,257,137
Balance at 1 January 2016	3,875,315,247	11,640,984,145	176,269,028	179,874,803	15,872,443,223
Charge for the year	460,492,229	3,428,167,928	26,716,592	35,564,904	3,950,941,653
Written off on disposal	(108,566,814)	(104,011,152)	(12,201,518)	(5,224,710)	(230,004,194)
Transfer to construction in progress	-	(11,540,755)	-	(36,024)	(11,576,779)
Exchange differences	-	1,358,213	-	-	1,358,213
Balance at 31 December 2016	4,227,240,662	14,954,958,379	190,784,102	210,178,973	19,583,162,116
Charge for the year	454,445,654	3,708,663,514	24,420,211	42,106,749	4,229,636,128
Written off on disposal	(17,551,212)	(90,487,846)	(28,019,295)	(12,775,476)	(148,833,829)
Exchange differences	-	4,212,968	-	-	4,212,968
Reclassification	(7,818,984)	9,016,457	(2,179,691)	982,218	-
Balance at 31 December 2017	4,656,316,120	18,586,363,472	185,005,327	240,492,464	23,668,177,383
Less: Provision for impairment					
Balance at 1 January 2016	84,273,740	43,377,165	672,196	1,143,668	129,466,769
Charge for the year	-	52,000,000	-	-	52,000,000
Written off on disposal	(28,767,129)	(12,198,948)	(68,322)	(2,194)	(41,036,593)
Balance at 31 December 2016	55,506,611	83,178,217	603,874	1,141,474	140,430,176
Charge for the year	2,838,185	70,430,112	-	-	73,268,297
Written off on disposal	-	(5,326,522)	(10,430)	(9,087)	(5,346,039)
Balance at 31 December 2017	58,344,796	148,281,807	593,444	1,132,387	208,352,434
Carrying amounts					
At 31 December 2017	11,574,657,884	59,432,107,177	82,177,650	164,055,810	71,252,998,521
At 31 December 2016	11,649,053,290	59,627,747,249	105,450,860	178,916,989	71,561,168,388

The Company

	Buildings & structures	*Generators & related equipment*	*Motor vehicles*	*Furniture & others*	*Total*
Cost					
Balance at 1 January 2016	1,427,395,004	1,221,567,477	44,072,072	27,433,035	2,720,467,588
Additions during the year					
- Additions	-	714,632	3,573,791	202,673	4,491,096
- Transfer from construction in progress	34,526,982	37,737,758	-	3,059,674	75,324,414
Disposal during the year	(1,613,100)	(24,884,292)	(2,802,275)	(815,823)	(30,115,490)
Balance at 31 December 2016	1,460,308,886	1,235,135,575	44,843,588	29,879,559	2,770,167,608
Additions during the year					
- Additions	-	737,304	-	565,323	1,302,627
- Transfer from construction in progress	2,033,674	51,106,271	1,236,535	2,271,605	56,648,085
Disposal during the year	-	(18,024,899)	(9,888,511)	(675,103)	(28,588,513)
MOF subsidy offset	-	(1,797,136)	-	-	(1,797,136)
Balance at 31 December 2017	1,462,342,560	1,267,157,115	36,191,612	32,041,384	2,797,732,671
Less: Accumulated depreciation					
Balance at 1 January 2016	596,145,603	590,687,171	34,473,857	19,317,256	1,240,623,887
Charge for the year	27,379,848	50,286,284	3,325,152	1,665,408	82,656,692
Written off on disposal	(563,634)	(24,090,327)	(2,744,226)	(744,930)	(28,143,117)
Balance at 31 December 2016	622,961,817	616,883,128	35,054,783	20,237,734	1,295,137,462
Charge for the year	25,032,716	59,702,682	2,751,074	1,860,252	89,346,724
Written off on disposal	-	(16,708,479)	(9,545,377)	(675,103)	(26,928,959)
Balance at 31 December 2017	647,994,533	659,877,331	28,260,480	21,422,883	1,357,555,227
Less: Provision for impairment					
Balance at 1 January 2016	16,545,023	-	-	-	16,545,023
Balance at 31 December 2016	16,545,023	-	-	-	16,545,023
Balance at 31 December 2017	16,545,023	-	-	-	16,545,023
Carrying amounts					
At 31 December 2017	797,803,004	607,279,784	7,931,132	10,618,501	1,423,632,421
At 31 December 2016	820,802,046	618,252,447	9,788,805	9,641,825	1,458,485,123

The provision for impairment of fixed assets represents full provision for obsolete equipment to be replaced by the Company and its subsidiaries, and thermal power generator units which will be shut down as a result of the Company and its subsidiaries implementing the “emission reduction and energy conservation” policies, and Huadian Group’s arrangement to shut down small thermal power generator units. The management have prepared the impairment test for the companies existed indicators of impairment because of curtailment of wind power and so on to determine whether the carrying amount exceeds the recoverable amount of the assets. The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. In estimating the present value of expected future cash flows, the management need to make decision on selling electricity price, generators’ estimated hours of operation and discount rate in calculating the present value.

Except for those as set out in Note 25, as at 31 December 2017, the Group did not hold any other significant amounts of fixed assets for guarantee or pledged as security.

As at 31 December 2017, the Group and the Company did not hold any assets pending disposal.

(2) Temporarily idle fixed assets

As at 31 December 2017, the Group and the Company did not hold any material temporarily idle fixed assets.

(3) Fixed assets acquired under sale-leaseback of finance leases

As at 31 December 2017, the Group's fixed assets acquired under finance leases are set out as follows:

	Buildings & structures	*Generators & related equipment*	*Total*
At the end of the year			
Cost	51,626,100	502,091,337	553,717,437
Less: Accumulated depreciation	20,664,485	145,911,788	166,576,273
Carrying amounts	30,961,615	356,179,549	387,141,164

	Buildings & structures	*Generators & related equipment*	*Total*
At the beginning of the year			
Cost	51,626,100	502,091,337	553,717,437
Less: Accumulated depreciation	18,160,296	122,864,204	141,024,500
Carrying amounts	33,465,804	379,227,133	412,692,937

(4) Fixed assets leased out under operating leases

As at 31 December 2017, the carrying amounts of the Group's fixed assets leased out under operating leases was:

	Buildings & structures
Carrying amounts at the end of the year	46,985,948
Carrying amounts at the beginning of the year	28,710,185

18 Construction in progress

	The Group	*The Company*
Cost		
Balance at 31 December 2015	13,017,185,141	105,481,648
Additions through business combination	6,243,612	-
Balance at 1 January 2016	13,023,428,753	105,481,648
Additions	5,859,200,343	255,902,035
Transfer to fixed assets	(12,106,143,117)	(75,324,414)
Transfer from fixed assets	25,979,586	-
Disposal during the year	(177,379,005)	-
Transfer to intangible assets	(253,458,634)	(16,600,000)
Balance at 31 December 2016	6,371,627,926	269,459,269
Additions	6,677,055,751	829,660,863
Transfer to fixed assets	(4,143,810,115)	(56,648,085)
Disposal during the year	(44,336,750)	-
Transfer to intangible assets	(106,921,810)	(1,866,740)
Balance at 31 December 2017	8,753,615,002	1,040,605,307
Less: Provision for impairment		
Balance at 1 January 2016	4,631,117	893,337
Charge for the year	90,765,706	648,246
Written off on disposal	(1,051,493)	-
Balance at 31 December 2016	94,345,330	1,541,583
Charge for the year	56,348,706	-
Written off on disposal	(38,367,272)	-
Balance at 31 December 2017	112,326,764	1,541,583
Carrying amounts		
At 31 December 2017	8,641,288,238	1,039,063,724
At 31 December 2016	6,277,282,596	267,917,686

19 Construction materials

	The Group	
	2017	*2016*
Coal-fired power project materials	836,549,436	680,680,721
Wind power project materials	260,611,192	397,423,754
Other project materials	14,548,788	15,682,440
Total	1,111,709,416	1,093,786,915

20 Intangible assets

The Group

	Land use rights	*Concession assets*	*Software and others*	*Total*
Cost				
Balance at 31 December 2015	1,384,378,547	663,618,488	82,093,725	2,130,090,760
Additions through business combination	428,064	-	53,419	481,483
Balance at 1 January 2016	1,384,806,611	663,618,488	82,147,144	2,130,572,243
Additions	23,295,284	3,416,346	50,318,002	77,029,632
Transfer from construction in progress	253,458,634	-	-	253,458,634
Balance at 31 December 2016	1,661,560,529	667,034,834	132,465,146	2,461,060,509
Additions	2,261,535	132,569,127	14,810,585	149,641,247
Transfer from construction in progress	34,677,678	72,244,132	-	106,921,810
Reclassification to fixed assets	(50,147,742)	-	-	(50,147,742)
Disposal during the year	-	(5,902,674)	(25,855)	(5,928,529)
Balance at 31 December 2017	1,648,352,000	865,945,419	147,249,876	2,661,547,295
Less: Accumulated amortisation				
Balance at 31 December 2015	147,521,137	87,562,505	35,100,878	270,184,520
Additions through business combination	713	-	4,590	5,303
Balance at 1 January 2016	147,521,850	87,562,505	35,105,468	270,189,823
Charge for the year	29,434,670	32,275,018	10,797,286	72,506,974
Balance at 31 December 2016	176,956,520	119,837,523	45,902,754	342,696,797
Charge for the year	43,895,612	32,595,590	14,857,037	91,348,239
Written off on disposal	-	(2,190,112)	(5,128)	(2,195,240)
Balance at 31 December 2017	220,852,132	150,243,001	60,754,663	431,849,796
Carrying amounts				
At 31 December 2017	1,427,499,868	715,702,418	86,495,213	2,229,697,499
At 31 December 2016	1,484,604,009	547,197,311	86,562,392	2,118,363,712

Concession assets refer to the operating rights of Fuqing Niutouwei、 Liyushan、 Qingyu、Longtan and Chijiao wind farms projects that the Group obtained through the model “Build, Operation and Transfer”.

The Company

	Land use rights	*Software and others*	*Total*
Cost			
Balance at 1 January 2016	78,915,075	16,730,231	95,645,306
Additions	-	8,967,160	8,967,160
Transfer from construction in progress	16,600,000	-	16,600,000
Balance at 31 December 2016	95,515,075	25,697,391	121,212,466
Additions	-	18,162	18,162
Transfer from construction in progress	-	1,866,740	1,866,740
Balance at 31 December 2017	95,515,075	27,582,293	123,097,368
Less: Accumulated amortisation			
Balance at 1 January 2016	724,121	7,903,105	8,627,226
Charge for the year	540,909	1,877,328	2,418,237
Balance at 31 December 2016	1,265,030	9,780,433	11,045,463
Charge for the year	540,909	2,843,248	3,384,157
Balance at 31 December 2017	1,805,939	12,623,681	14,429,620
Carrying amounts			
At 31 December 2017	93,709,136	14,958,612	108,667,748
At 31 December 2016	94,250,045	15,916,958	110,167,003

21 Goodwill

	The Group
Cost	
Balance at 1 January 2016 and 31 December 2016	496,646,686
Balance at 31 December 2017	496,646,686
Carrying amounts	
At 31 December 2017	496,646,686
At 31 December 2016	496,646,686

The Group allocates goodwill to the following asset groups which are determined by operating segments:

	2017	*2016*
Hydropower	230,134,980	230,134,980
Wind power	266,511,706	266,511,706
	496,646,686	496,646,686

As at 31 December 2017, the Group tested the above goodwill for impairment. According to the testing results, no provision for impairment of the goodwill is necessary.

The Group allocates the carrying value of goodwill to the relevant asset groups. The recoverable amount of an asset group is determined by discounting the estimated future cash flows to its present value. The estimated future cash flows are discounted to their present value using a pre-tax discount rate of 8% - 13% for a period of not more than 5 years (“forecast period”). The cash flows beyond the five-year budget period were assumed to keep stable. The estimate of recoverable amount does not result in the recognition of any impairment losses. However, as key assumptions on which management has made in respect of future cash projections are subject to change, management believes that any adverse change in the assumptions would cause the carrying amounts to exceed its recoverable amount.

Other key assumptions used in impairment testing include the selling electricity price, generators’ estimated hours of operation, etc. Management makes these assumptions based on the past operating experience and future expectation of each asset group.

22 Long-term deferred expenses

The Group’s long-term deferred expenses primarily represent prepaid rent for property, and paid tax on the occupation of cultivated land etc.

23 Deferred tax assets and liabilities

The Group

	Deferred tax assets / (liabilities)			
	Balance at the beginning of the year	*Current year increase / decrease charged to profit or loss*	*Exchange differences*	*Balance at the end of the year*
Deductible loss	16,489,646	-	-	16,489,646
Revaluation deficit of assets under business combination under non-common control	51,068,173	(3,758,804)	-	47,309,369
Provision for impairment of assets	19,446,748	(2,373,311)	-	17,073,437
Deferred income	48,058,722	(1,137,412)	-	46,921,310
Water resource fees and reservoir maintenance fund	17,415,533	(4,087,922)	-	13,327,611
Early retirement benefits	113,690	-	-	113,690
Trial run revenue	219,695,263	1,062,241	-	220,757,504
Revaluation surplus of assets under business combination under non-common control	(274,809,248)	9,026,940	-	(265,782,308)
Difference fixed assets depreciation	(617,008,344)	(27,618,254)	-	(644,626,598)
Others	6,888,624	(1,512,906)	1,158,815	6,534,533
Total deferred tax assets / (liabilities)	(512,641,193)	(30,399,428)	1,158,815	(541,881,806)

At the balance sheet date, the deferred tax assets and liabilities on the balance sheet, after offsetting each other, were as follows:

	The Group	
	2017	*2016*
Deferred tax assets, net	376,512,648	364,754,180
Deferred tax liabilities, net	(918,394,454)	(877,395,373)
Total	(541,881,806)	(512,641,193)

Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 3(16), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,326,088,013 (2016: RMB2,163,585,778) as it is not probable that future taxable profits against which the losses can be utilised will be available before they expire. The deductible tax losses expire within 5 years from the year when such losses were incurred under current tax law.

24 Other non-current assets

	The Group	
	2017	2016
Deductible VAT input tax	2,256,093,501	2,700,605,892
Unrealized profit and loss in sale and leaseback (i)	144,042,214	175,025,070
Others	5,284,373	5,557,848
Total	2,405,420,088	2,881,188,810

(i) The Group has made sales and leaseback arrangements for certain equipment items and properties. Such arrangements form finance leases. When the selling price of a piece of equipment is below its carrying value, the difference is deferred in recognition as unrealised profit or loss of such arrangement, and evenly amortised over the estimated useful life of the equipment or property.

25 Restricted assets

		The Group			
	Note	*Balance at 1 January 2017*	*Additions During the year*	*Decrease During the year*	*Balance at 31 December 2017*
Assets pledged as collateral or other reason					
- Cash at bank and on hand	*7*	64,331,871	-	58,964,866	5,367,005
- Net value of fixed assets	*(i)*	14,515,371,450	461,752,265	157,530,186	14,819,593,529
- Tariff collection right	*(ii)*	2,456,811,706	1,252,048,655	-	3,708,860,361
Total		17,036,515,027	1,713,800,920	216,495,052	18,533,820,895

		The Group			
	Note	*Balance at 1 January 2016(restated)*	*Additions During the year*	*Decrease During the year*	*Balance at 31 December 2016*
Assets pledged as collateral or other reason					
- Cash at bank and on hand	*7*	422,088,059	-	357,756,188	64,331,871
- Net value of fixed assets	*(i)*	16,984,802,728	2,710,486,382	5,169,917,660	14,515,371,450
- Tariff collection right	*(ii)*	1,487,652,332	969,159,374	-	2,456,811,706
Total		18,894,543,119	3,679,645,756	5,527,673,848	17,036,515,027

		The Company			
	Note	*Balance at 1 January 2017*	*Additions during the year*	*Decrease during the year*	*Balance at 31 December 2017*
Assets pledged as collateral or other reason					
- Cash at bank and on hand	*7*	3,851,734	9,248	-	3,860,982
Total		3,851,734	9,248	-	3,860,982

		The Company			
	Note	*Balance at 1 January 2016*	*Additions during the year*	*Decrease during the year*	*Balance at 31 December 2016*
Assets pledged as collateral or other reason					
- Cash at bank and on hand	*7*	54,846,000	17,734	51,012,000	3,851,734
Total		54,846,000	17,734	51,012,000	3,851,734

(i) Some of the Group's subsidiaries pledged fixed assets – power projects to banks to secure short-term and long-term borrowings. As at 31 December 2017, the carrying amounts of fixed assets which had not been released was RMB14,778,401,391 (2016: RMB14,453,704,783).

(ii) Some of the Group's subsidiaries pledged receivables arising from tariff collection right of power projects to banks to secure short-term and long-term loans. As at 31 December 2017, the balance of pledged receivables was RMB3,708,860,361 (2016: RMB2,456,811,706). In addition, some of the Company's subsidiaries also pledged their tariff collection right on power projects upon completion and all income from the projects to banks to secure long-term loans.

26 Short-term loans

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Unsecured loans	9,176,777,644	5,193,530,516	5,480,000,000	1,938,500,000
Loans secured by mortgages	60,000,000	50,000,000	-	-
Pledged loans	38,800,000	20,000,000	-	-
Total	9,275,577,644	5,263,530,516	5,480,000,000	1,938,500,000

As at 31 December 2017 and 2016, the Group and the Company did not hold any past-due short-term loans.

27 Bills payable

	The Group	
	2017	*2016*
Bank acceptance bills	273,527,627	739,127,951
Commercial acceptance bills	25,650,000	150,000,000
Total	299,177,627	889,127,951

The above bills are due within one year.

28 Accounts payable

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Payables for equipment	4,249,455,975	5,657,595,828	6,213,706	4,376,064
Payables for projects	2,294,298,358	1,981,767,912	72,450,995	84,277,918
Payables for materials	165,227,438	132,501,559	9,956,669	11,495,608
Payables for coal purchase	346,619,255	296,630,238	-	-
Payables for substituted generation	16,273,471	40,716,560	-	-
Payables for land compensation	62,165,283	67,920,000	-	-
Provision for mianhuatan resettlement compensation *(i)*	40,000,000	40,000,000	-	-
Others	276,991,446	214,372,138	-	-
Total	7,451,031,226	8,431,504,235	88,621,370	100,149,590

(i) Mianhuatan Hydropower, one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principle and paid to the local government additional compensations of RMB15 million, RMB15 million and RMB360 million in 2009, 2010 and 2011, respectively, totaling RMB390 million. In addition, the management of Mianhuatan Hydropower has recognised an additional provision of RMB40 million for this dispute during the year ended 31 December 2011. The total amounts of RMB430 million have been capitalised in the property, plant and equipment. After reviewing the assessment report from the Shanghai Institute, Fujian Development and Reform Commission (the "Fujian DRC") and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation for which Mianhuatan Hydropower is responsible.

So far, the Group's ultimate shareholder, Huadian Group commits that if the additional compensation amount that the National Development and Reform Commission (NDRC) requires the Group to pay exceeds the amount of RMB40 million provided for, Huadian Group will provide the excess amount. As at the date of the approval of the financial statements, the compensation amount had not been determined. Once determined, the excess amount contributed by Huadian Group will be treated as capital contribution and recognised in capital reserve. The carrying value of related fixed assets will be increased correspondingly, and the amount will be amortised over the remaining useful life of the fixed assets.

29 Advances from customers

	The Group	
	2017	*2016*
Advances for sale of heat power	26,286,365	25,215,567
Others	-	1,832,222
Total	26,286,365	27,047,789

30 Employee benefits payable

		The Group		*The Company*	
	Note	*2017*	*2016 (Restated)*	*2017*	*2016*
Short-term employee benefits	*(1)*	26,395,650	20,904,245	2,948,313	2,371,460
Post-employment benefits - defined contribution plans	*(2)*	4,494,466	5,484,042	164,861	179,707
Early retirement benefits	*(3)*	19,044,188	24,232,939	-	21,230
Total		49,934,304	50,621,226	3,113,174	2,572,397

(1) Short-term employee benefits

	The Group			
	Balance at 1 January 2017 (Restated)	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2017*
Salaries, bonuses, allowances	-	903,435,607	903,435,607	-
Staff welfare	-	71,415,127	71,415,127	-
Social insurance	6,837,189	104,617,368	102,437,373	9,017,184
Medical insurance	5,976,362	94,566,160	92,391,006	8,151,516
Work-related injury insurance	553,484	5,559,339	5,562,924	549,899
Maternity insurance	307,343	4,491,869	4,483,443	315,769
Housing fund	304,894	95,031,033	94,931,152	404,775
Labour union fee, staff and workers' education fee	9,732,461	40,383,149	37,437,805	12,677,805
Other short-term employee benefits	4,029,701	108,854,245	108,588,060	4,295,886
Total	20,904,245	1,323,736,529	1,318,245,124	26,395,650

	The Group			
	Balance at 1 January 2016 (Restated)	*Accrued during the year (Restated)*	*Paid during the year (Restated)*	*Balance at 31 December 2016 (Restated)*
Salaries, bonuses, allowances	-	855,409,747	855,409,747	-
Staff welfare	29,948	72,177,654	72,207,602	-
Social insurance	5,495,452	99,478,303	98,136,566	6,837,189
Medical insurance	4,542,200	90,386,068	88,951,906	5,976,362
Work-related injury insurance	638,372	5,160,517	5,245,405	553,484
Maternity insurance	314,880	3,931,718	3,939,255	307,343
Housing fund	57,874	96,224,995	95,977,975	304,894
Labour union fee, staff and workers' education fee	8,242,589	36,879,855	35,389,983	9,732,461
Other short-term employee benefits	4,166,630	117,468,768	117,605,697	4,029,701
Total	17,992,493	1,277,639,322	1,274,727,570	20,904,245

	The Company			
	Balance at 1 January 2017	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2017*
Salaries, bonuses, allowances	-	148,019,504	148,019,504	-
Staff welfare	-	12,875,624	12,875,624	-
Social insurance	104,308	19,005,534	18,115,527	994,315
Medical insurance	93,133	17,446,281	16,557,368	982,046
Work-related injury insurance	3,726	830,249	829,884	4,091
Maternity insurance	7,449	729,004	728,275	8,178
Housing fund	-	15,746,915	15,746,915	-
Labour union fee, staff and workers' education fee	1,978,480	6,626,429	6,944,757	1,660,152
Other short-term employee benefits	288,672	2,614,922	2,609,748	293,846
Total	2,371,460	204,888,928	204,312,075	2,948,313

	The Company			
	Balance at 1 January 2016	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2016*
Salaries, bonuses, allowances	-	146,424,523	146,424,523	-
Staff welfare	-	14,102,066	14,102,066	-
Social insurance	94,010	18,345,040	18,334,742	104,308
Medical insurance	83,951	16,845,886	16,836,704	93,133
Work-related injury insurance	4,198	805,490	805,962	3,726
Maternity insurance	5,861	693,664	692,076	7,449
Housing fund	-	16,570,837	16,570,837	-
Labour union fee, staff and workers' education fee	1,616,860	6,589,993	6,228,373	1,978,480
Other short-term employee benefits	459,620	2,895,956	3,066,904	288,672
Total	2,170,490	204,928,415	204,727,445	2,371,460

(2) Post-employment benefits – defined contribution plans

	The Group			
	Balance at 1 January 2017	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2017*
Basic pension insurance	2,263,054	142,373,210	142,074,765	2,561,499
Unemployment insurance	1,578,157	3,205,375	3,192,647	1,590,885
Annuity	1,642,831	31,777,722	33,078,471	342,082
Total	5,484,042	177,356,307	178,345,883	4,494,466

	The Group			
	Balance at 1 January 2016	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2016*
Basic pension insurance	2,572,009	133,375,684	133,684,639	2,263,054
Unemployment insurance	2,087,413	5,587,571	6,096,827	1,578,157
Annuity	1,822,045	34,437,876	34,617,090	1,642,831
Total	6,481,467	173,401,131	174,398,556	5,484,042

	The Company			
	Balance at 1 January 2017	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2017*
Basic pension insurance	176,670	22,092,024	22,106,870	161,824
Unemployment insurance	3,037	686,900	686,900	3,037
Annuity	-	7,295,696	7,295,696	-
Total	179,707	30,074,620	30,089,466	164,861

	The Company			
	Balance at 1 January 2016	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2016*
Basic pension insurance	167,366	22,206,778	22,197,474	176,670
Unemployment insurance	146,412	1,274,739	1,418,114	3,037
Annuity	-	7,378,505	7,378,505	-
Total	313,778	30,860,022	30,994,093	179,707

(3) Early retirement benefits

	The Group			
	Balance at 1 January 2017	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2017*
Early retirement benefits	24,232,939	3,727,240	8,915,991	19,044,188
Total	24,232,939	3,727,240	8,915,991	19,044,188

	The Group			
	Balance at 1 January 2016	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2016*
Early retirement benefits	30,583,261	99,473	6,449,795	24,232,939
Total	30,583,261	99,473	6,449,795	24,232,939

	The Company			
	Balance at 1 January 2017	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2017*
Early retirement benefits	21,230	-	21,230	-
Total	21,230	-	21,230	-

	The Company			
	Balance at 1 January 2016	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2016*
Early retirement benefits	56,439	-	35,209	21,230
Total	56,439	-	35,209	21,230

31 Taxes payable

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Value added tax	50,251,958	59,328,564	-	12,965,312
Business tax	16,920	691,711	-	355,560
Corporate income tax	112,446,932	250,071,053	-	-
Water resource fee and reservoir maintenance fund	76,387,897	107,801,011	18,245,903	32,147,659
Others	38,165,280	38,635,432	3,391,754	3,167,648
Total	277,268,987	456,527,771	21,637,657	48,636,179

32 Interests payable

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Interest payable for short-term loans	12,838,259	5,978,453	5,517,590	2,245,585
Interest payable for ultra-short-term financing instrument	-	53,543,333	-	53,543,333
Interest payable for long-term loans with interest paid in installments and principal repaid on maturity	87,699,996	88,683,250	722,331	2,610,046
Interest payable for debentures	117,700,392	113,465,834	117,700,392	113,465,834
Interest payable for finance leases	1,239,854	912,667	-	-
Total	219,478,501	262,583,537	123,940,313	171,864,798

33 Dividends payable

Dividends payable represents the profits attributable to non-controlling shareholders of the Company's subsidiaries which have not been paid and the distribution to the holders of perpetual medium-term notes and renewable vorporate bonds of the Company.

34 Other payables

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Construction guarantee deposits	1,121,728,188	1,160,607,074	18,385,344	18,276,865
Staff related payable	8,099,104	9,033,624	3,613,613	3,260,512
Amounts due to subsidiaries	-	-	1,286,995,795	28,555,386
Amounts related to acquisition of subsidiaries	26,758,351	14,504,236	-	10,357,894
CDM expenses payable	3,926,808	4,393,187	-	-
Others	294,020,509	470,042,582	28,615,414	58,765,865
Total	1,454,532,960	1,658,580,703	1,337,610,166	119,216,522

35 Non-current liabilities due within one year

		The Group		The Company	
	Note	*2017*	*2016 (Restated)*	*2017*	*2016*
Long-term loans due within one year	*(1)*	5,107,056,447	5,504,472,193	38,900,000	1,042,300,000
Debentures payable due within one year		999,712,498	-	999,712,498	-
Obligations under finance leases within one year	*(2)*	25,529,974	25,261,350	-	-
Others		-	40,447,123	-	34,727
Total		6,132,298,919	5,570,180,666	1,038,612,498	1,042,334,727

(1) The analysis of loans due within one year is set out as follows:

	The Group		The Company	
	2017	*2016 (Reastated)*	*2017*	*2016*
Unsecured loans	2,024,677,776	2,738,646,346	38,900,000	1,042,300,000
Guaranteed loans	360,848,981	359,107,843	-	-
Loans secured by mortgages	1,352,062,114	1,304,596,693	-	-
Pledged loans	1,369,467,576	1,102,121,311	-	-
Total	5,107,056,447	5,504,472,193	38,900,000	1,042,300,000

As at 31 December 2017 and 2016, the Group and the Company did not hold any past-due long-term loans due within one year.

(2) Obligations under finance leases due within one year are as follows:

	The Group	
	2017	*2016*
Payable to lessors	36,665,768	37,583,492
Less: Unrecognised finance charges	11,135,794	12,322,142
Obligations under finance leases	25,529,974	25,261,350

As at 31 December 2017 and 2016, the Group did not hold any past-due obligations under finance leases due within one year.

36 Other current liabilities

	The Group		The Company	
	2017	*2016*	*2017*	*2016*
Ultra Short-term Financing Instruments (2016 third tranche)	-	1,499,500,000	-	1,499,500,000
Ultra Short-term Financing Instruments (2016 fourth tranche)	-	1,998,000,000	-	1,998,000,000

Others	7,011,586	7,362,626	223,381	3,314,128
Total	7,011,586	3,504,862,626	223,381	3,500,814,128

37 Long-term loans

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Unsecured loans	23,173,493,875	21,411,812,246	570,352,133	535,170,000
Guaranteed loans	832,751,019	1,195,470,588	-	-
Loans secured by mortgages	8,975,690,795	9,263,035,925	-	-
Pledged loans	14,733,747,127	13,543,030,407	-	-
Total	47,715,682,816	45,413,349,166	570,352,133	535,170,000

As at 31 December 2017 and 2016, the Group did not hold any past-due long-term loans due.

38 Debentures payable

Item	*2017*	*2016*
Corporate Debenture	6,986,873,750	6,981,137,321
Less: Debentures payable due within one year	999,712,498	-
Total	5,987,161,252	6,981,137,321

	The Group and the Company			
	Balance at 1 January 2017	*Addition during the year*	*Decrease during the year*	*Balance at 31 December 2017*
Corporate Debenture 2013 (five years)	998,284,005	1,428,493	(999,712,498)	-
Corporate Debenture 2013 (ten years)	996,684,745	296,507	-	996,981,252
Corporate Debenture 2016 (five years)	2,992,000,000	3,000,000	-	2,995,000,000
Corporate Debenture 2016 (five years)	897,390,000	540,000	-	897,930,000
Corporate Debenture 2016 (seven years)	1,096,778,571	471,429	-	1,097,250,000
Total	6,981,137,321	5,736,429	(999,712,498)	5,987,161,252

	The Group and the Company			
	Balance at 1 January 2016	*Addition during the year*	*Decrease during the year*	*Balance at 31 December 2016*
Corporate Debenture 2013 (five years)	997,134,005	1,150,000	-	998,284,005
Corporate Debenture 2013 (ten years)	996,109,745	575,000	-	996,684,745
Corporate Debenture 2016 (five years)	-	2,992,000,000	-	2,992,000,000
Corporate Debenture 2016 (five years)	-	897,390,000	-	897,390,000
Corporate Debenture 2016 (seven years)	-	1,096,778,571	-	1,096,778,571
Total	1,993,243,750	4,987,893,571	-	6,981,137,321

39 Long-term payables

	Note	*The Group* 2017	2016
Obligations under finance leases	*(1)*	251,426,328	277,166,717
Others	*(2)*	76,447,176	76,447,176
Subtotal		327,873,504	353,613,893
Less: obligations under finance leases due within one year	*35*	25,529,974	25,261,350
Total		302,343,530	328,352,543

(1) As at 31 December, the total future minimum lease payments under finance leases are as follows:

	The Group 2017	2016
Within 1 year (inclusive)	36,665,767	37,583,492
After 1 year but within 2 years (inclusive)	35,748,042	36,665,767
After 2 years but within 3 years (inclusive)	34,846,871	35,748,041
After 3 years	201,715,342	236,572,110
Sub-total	308,976,022	346,569,410
Less: unrecognised finance charges	57,549,694	69,402,693
Carrying amounts	251,426,328	277,166,717

The above obligations under finance leases due within one year, net of unrecognised finance charges is disclosed in Note 35(2).

(2) Other long-term payables represented the central authorities's state-owned capital operating budget funds for energy saving and emission reduction provided by Huadian Group in December 2012.

40 Deferred income

	The Group	
	2017	*2016*
Government grants	223,956,674	332,787,280
Unrealised profit or loss of sales and leaseback arrangement (i)	9,702,932	9,702,932
Other deferred income	114,384,659	110,133,025
Total	348,044,265	452,623,237

(i) The Group's subsidiary, Fujian Huadian Kemen Power Generation Co., Ltd. made a sale and leaseback arrangement for its thermal power equipment in 2009. Such transactions form finance leases. When the selling price of the equipment is higher than its carrying value, the difference is deferred in recognition as unrealised profit or loss of such transaction, and evenly amortised over the estimated useful life of the equipment.

41 Share capital

The Company's registered capital structure at 31 December is as follows:

	2017		*2016*	
	Amount	%	*Amount*	%
Huadian Group	5,008,785,336	59.57%	5,008,785,336	59.57%
CPECC	254,923,074	3.03%	254,923,074	3.03%
Kunlun Trust	203,938,459	2.43%	203,938,459	2.43%
Wujiang Hydropower	189,262,801	2.25%	189,262,801	2.25%
CHEC	78,859,501	0.94%	78,859,501	0.94%
Industrial Capital	76,476,922	0.91%	76,476,922	0.91%
Datong VC	25,492,307	0.30%	25,492,307	0.30%
Investors of overseas listed shares	2,570,223,120	30.57%	2,570,223,120	30.57%
	8,407,961,520	100.00%	8,407,961,520	100.00%

42 Other equity instruments

(1) On 21 April 2015, the Company issued the first tranche of 2015 perpetual medium-term notes with total amount of RMB2,000,000,000. The perpetual medium-term notes are issued at par value with initial distribution rate of 5.75%. The perpetual medium-term notes were recorded as equity in the Group's financial report, after netting off related issuance costs of approximately RMB6,000,000.

Interests of the perpetual medium-term notes are recorded as profits distributions, which is paid annually in arrears on 23 April in each year ("Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred.

The perpetual medium-term notes have no fixed maturity date and are callable at the Company's option in whole on 23 April 2020 ("First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Call Date and every five years after the First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the twelve months ended 31 December 2017, the profit attributable to holders of perpetual medium-term notes, based on the applicable distribution rate, was RMB115,000,000.

(2) On 6 November 2017, the Company issued the first tranche of renewable corporate bonds 2017 with total amount of RMB2,000,000,000. The renewable corporate bonds are issued at par value with initial distribution rate of 5.30%. The renewable corporate bonds were recorded as equity in the Group's financial statements, after netting off related issuance costs of approximately RMB5,660,377.

Interests of the renewable corporate bonds are recorded as distributions, which is paid annually in arrears on 6 November in each year ("Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company or external investment in equity investment) has occurred.

The renewable corporate bonds have no fixed maturity date and are callable at the Company's option in whole on 6 November 2020 ("First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Call Date and every three years after the First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the year ended 31 December 2017, the profit attributable to holders of perpetual medium-term notes, based on the applicable distribution rate, was RMB15,900,000.

43 Capital reserve

	The Group			
	Balance at 1 January 2017	*Additions during the year*	*Transfers during the year*	*Balance at 31 December 2017*
Capital reserve	1,798,234,970	-	14,972,811	1,783,262,159

	The Group			
	Balance at 1 January 2016	*Additions during the year*	*Transfers during the year*	*Balance at 31 December 2016*
Capital reserve	1,782,363,342	15,871,628	-	1,798,234,970

	The Company			
	Balance at 1 January 2017	*Additions during the year*	*Transfers during the year*	*Balance at 31 December 2017*
Capital reserve	2,384,260,434	-	9,588,521	2,374,671,913

	The Company			
	Balance at 1 January 2016	*Additions during the year*	*Transfers during the year*	*Balance at 31 December 2016*
Capital reserve	2,367,421,015	16,839,419	-	2,384,260,434

44 Other comprehensive income

The Group

	Gain or losses arising from changes in fair value of available-for-sale financial assets	*Translation differences arising on translation of foreign currency financial statements*	*Total*
Balance at 1 January 2016	6,937,724	19,703,774	26,641,498
Increase / (Decrease) during this year	(34,007,846)	5,147,411	(28,860,435)
Balance at 31 December 2016	(27,070,122)	24,851,185	(2,218,937)
Increase / (Decrease) during this year	(15,634,716)	(4,885,788)	(20,520,504)
Balance at 31 December 2017	(42,704,838)	19,965,397	(22,739,441)

45 Surplus reserve

The Group and the Company

	Note	*Statutory surplus reserve*
Balance at 1 January 2016		410,125,608
Profit appropriation	*46(1)*	220,427,076
Balance at 31 December 2016		630,552,684
Profit appropriation	*46(1)*	186,640,041
Balance at 31 December 2017		817,192,725

46 Appropriation of profits and retained earnings at the end of the year

(1) Appropriation to surplus reserve

In accordance with the Articles of Association, the Company made appropriations to the following surplus reserve for 2017:

Statutory surplus reserve	10%

(2) Distributions of profit in cash to owners

(a) Distributions of profit in cash declared during the year

Pursuant to the shareholders' approval at the Shareholders' meeting on 29 June 2017, a distribution of profit in cash totalling RMB428,806,038 (2016: RMB338,840,849) was declared and paid to the Company's shareholders.

(b) Distributions of profit in cash proposed after the balance sheet date

The Board of Directors proposed on 21 March 2018 a distribution of profit in cash totalling RMB467,482,661 (2016: RMB428,806,038). The proposal is subject to the approval by the Shareholders' meeting. This distribution of profit in cash has not been recognised as a liability at the balance sheet date.

(3) Retained earnings at the end of the year

Surplus reserve attributable to the Company which is made by the subsidiaries in 2017 is RMB207,047,317 (2016: RMB211,229,694).

As at 31 December 2017, the consolidated retained earnings attributable to the Company included an appropriation of RMB1,413,605,712 (RMB: 1,206,558,395) to surplus reserve made by the subsidiaries.

47 Operating income and costs

	The Group		The Company	
	2017	2016 (Restated)	2017	2016
Sale of electricity	16,142,418,550	15,218,690,285	684,590,654	1,056,247,340
Sale of coal	21,426,628	443,949,034	-	-
Sale of heat	469,088,878	328,741,967	-	-
Others	124,447,001	113,326,146	19,988,100	20,850,693
Total	16,757,381,057	16,104,707,432	704,578,754	1,077,098,033
Operating costs	10,742,667,396	9,363,525,055	285,845,841	329,763,108

48 Taxes and surcharges

	The Group		The Company	
	2017	2016 (Restated)	2017	2016
Business tax	785,833	6,909,352	-	2,235,399
City maintenance and construction tax	38,825,934	54,997,210	3,438,692	5,294,422
Education surcharges	37,659,029	48,713,130	5,719,740	7,722,354
Land-use tax	62,483,965	43,964,095	700,261	689,305
Building tax	34,366,643	25,748,176	551,334	765,194
Stamp tax	10,369,751	7,497,342	823,997	827,297
Others	4,555,752	5,542,582	171,205	76,604
Total	189,046,907	193,371,887	11,405,229	17,610,575

49 Financial expenses

	The Group		The Company	
	2017	2016 (Restated)	2017	2016
Interest expenses from loans	3,140,151,288	3,103,193,805	549,742,424	524,360,280
Less: Borrowing costs capitalized	249,329,395	232,906,464	13,172,726	1,045,562
Net interest expenses	2,890,821,893	2,870,287,341	536,569,698	523,314,718
Interest income from deposits and receivables	(52,569,611)	(55,725,524)	(131,657,853)	(103,837,182)
Net exchange (gains) / losses	(9,815,019)	19,389,939	(1,467,690)	(1,494,648)
Other financial expenses	19,495,187	25,546,058	140,943	399,215
Total	2,847,932,450	2,859,497,814	403,585,098	418,382,103

The interest rate per annum, at which the borrowing costs were capitalised for the current year by the Group and the Company, were 3.92% - 4.90% and 4.41%, respectively (2016: 3.92% - 6.20% and 4.41%).

50 Impairment losses

	The Group	
	2017	*2016*
Accounts receivable	(2,450)	(6,588,376)
Other receivables	15,855,002	39,858,460
Prepayments	11,700	-
Inventories	-	686,572
Fixed assets	73,268,297	52,000,000
Construction in progress	56,348,706	90,765,706
Total	145,481,255	176,722,362

51 Investment income

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Long-term equity investments	741,962,685	651,441,892	2,108,337,109	2,194,304,886
Available-for-sale financial assets				
- Dividends received or receivable	47,470,386	24,269,891	2,790,000	2,580,000
- Gains/ (losses) from disposal of available-for-sale financial assets	-	225,970	-	-
Gains / (Losses) from disposal of a subsidiaries	11,219,187	(1,000,000)	(4,681,040)	-
Total	800,652,258	674,937,753	2,106,446,069	2,196,884,886

52 Gains from asset disposals

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Gains from disposal of fixed assets	41,465,250	1,581,908	760,643	449,361
(Losses) / gains from disposal of construction in progress	(1,346,813)	6,443,533	-	-
Losses from disposal of intangible assets	(3,653,170)	-	-	-
Total	36,465,267	8,025,441	760,643	449,361

53 Other income

Other income

	The Group	*The Company*
VAT refund	75,554,126	-
Others	52,911,513	73,900
Total	128,465,639	73,900

54 Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Penalty income from equipment suppliers (Note1)	-	12,287,924	-	-
Government grants (Note 2)	-	117,357,786	-	34,727
Others	61,795,402	51,516,841	163,003	885,961
Total	61,795,402	181,162,551	163,003	920,688

Note1: Penalty income from equipment suppliers mainly represents the agreed amounts paid / payable by the third party equipment suppliers to compensate the losses incurred by the Group due to unfavorable warranty services provided by the suppliers.

Note2：Government grant

2016 年

	The Group	The Company
VAT refund	58,229,777	-
MOF Subsidy for basic infrastructure loans interests	14,304,519	34,727
Others	44,823,490	-
合计	117,357,786	34,727

(2) Non-operating expense by item is as follows:

	The Group		The Company	
	2017	2016	2017	2016
Donations payed	4,862,504	3,937,515	-	-
Losses from damage or scrapping of non-current assets	6,483,300	2,964,476	454,842	-
Others	35,509,663	64,793,217	1,196,647	41,672,548
Total	46,855,467	71,695,208	1,651,489	41,672,548

55 Income tax expense

(1) Income tax expense for the year represents

	The Group		The Company	
	2017	2016 (Restated)	2017	2016
Current tax expense for the year	290,736,607	506,829,007	-	-
Tax filing differences	15,587,437	(2,995,443)	-	-
Changes in deferred tax assets / liabilities	30,399,428	29,684,884	-	-
Total	336,723,472	533,518,448	-	-

(2) Reconciliation between income tax expense and accounting profit:

	The Group		The Company	
	2017	2016 (Restated)	2017	2016
Profits before taxation	2,802,225,789	3,201,953,241	1,866,400,418	2,204,270,758
Expected income tax expense at tax rate of 25%	700,556,447	800,488,310	466,600,105	551,067,690
Non-deductible expenses	2,973,956	12,964,762	471,219	510,451
Non-taxable income	(200,535,736)	(191,272,493)	(526,611,517)	(549,221,222)
Effect of different tax rates applied by certain subsidiaries	(339,332,791)	(222,769,263)	-	-
Tax effect of unrecognized tax losses during the year	172,436,393	146,721,077	59,540,193	-
Tax effect of using unrecognized tax losses in previous years	(14,962,234)	(9,618,502)	-	(2,356,919)
Tax filing differences	15,587,437	(2,995,443)	-	-
Income tax expense	336,723,472	533,518,448	-	-

56 Notes to cash flow statement

(1) Proceeds from other operating activities:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Heat power access fee	8,117,538	39,371,897	-	-
Guarantee fee received	-	-	16,632,075	14,283,018
Bid bonds	469,648	(505,625)	-	-
Others	112,408,221	116,759,276	3,583,681	296,110
Total	120,995,407	155,625,548	20,215,756	14,579,128

(2) Payments for other operating activities:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Operating cost such as insurance premium and lease expense	110,940,239	121,351,473	43,224,398	25,838,263
General expense such as entertainment and travel expense	212,858,545	220,874,958	44,651,168	49,244,712
Insurance premium prepayment and lease prepayment	21,690,243	1,072,875	12,298,453	-
Others	99,316,753	40,062,355	63,048,175	60,419,950
Total	444,805,780	383,361,661	163,222,194	135,502,925

(3) Proceeds from other investing activities:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Interest income	59,138,696	59,031,669	119,273,977	106,551,493
Total	59,138,696	59,031,669	119,273,977	106,551,493

(4) Proceeds from other financing activities:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Cash received from partially disposal shares of a subsidiary	-	25,650,000	-	-
Total	-	25,650,000	-	-

(5) Payments for other financing activities:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Cash paid for purchasing non-controlling interests	-	61,372,234	-	-
Total	-	61,372,234	-	-

57 Supplement to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Net profit	2,465,502,317	2,668,434,793	1,866,400,418	2,204,270,758
Add: Impairment provisions	145,481,255	176,722,362	-	1,243,836
Depreciation of fixed assets	4,262,290,620	3,970,944,019	89,114,163	82,284,747
Amortisation of intangible assets	91,857,807	72,158,412	3,383,943	2,418,237
Amortisation of long-term deferred expenses	16,528,187	13,958,804	1,090,542	808,242
Amortisation of deferred income	(61,531,152)	(40,031,557)	-	(34,727)
Gains on disposal of fixed assets	(29,981,967)	(5,060,965)	(305,801)	(449,361)
Financial expenses	2,828,437,263	2,833,951,756	403,444,155	416,807,194
Gains arising from investments	(800,652,258)	(674,937,753)	(2,106,446,069)	(2,196,884,886)
Increase in deferred tax assets	(10,563,100)	(5,498,512)	-	-
Increase in deferred tax liabilities	40,999,081	35,183,397	-	-
(Increase) / Decrease in gross inventories	(27,891,609)	147,860,024	39,690	684,323
(Increase) / decrease in operating receivables	(1,923,963,291)	(1,503,868,145)	133,313,099	(15,970,634)
Increase in operating payables	1,041,815,958	1,672,108,490	(59,938,062)	104,390,169
Net cash inflow from operating activities	8,038,329,111	9,361,925,125	330,096,078	599,567,898

(2) Change in cash and cash equivalents:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Cash and cash equivalents at the end of the year	2,121,903,467	2,895,119,308	87,191,963	485,004,331
Less: Cash and cash equivalents at the beginning of the year	2,895,119,308	2,046,548,075	485,004,331	148,655,608
Net (decrease) / increase in cash and cash equivalents	(773,215,841)	848,571,233	(397,812,368)	336,348,723

(3) Cash and cash equivalents held by the Group and the Company are as follows:

		The Group		*The Company*	
		2017	*2016 (Restated)*	*2017*	*2016*
(a)	Cash at bank and on hand				
	- Cash on hand	244,272	211,888	48,830	49,657
	- Bank deposits available on demand	2,121,659,195	2,894,907,420	87,143,133	484,954,674
	- Cash with restricted usage	5,367,005	64,331,871	3,860,982	3,851,734
(b)	Cash equivalents	-	-	-	-
(c)	Closing balance of cash and cash equivalents	2,127,270,472	2,959,451,179	91,052,945	488,856,065
	Less: Cash with restricted usage	5,367,005	64,331,871	3,860,982	3,851,734
(d)	Closing balance of cash and cash equivalents available on demand	2,121,903,467	2,895,119,308	87,191,963	485,004,331

58 Related party relationships and transactions

(1) Information about the parent of the Company is listed as follows:

Company name	*Registered*	*Business nature*	*Registered Capital (RMB:'0000)*	*Shareholding percentage*	*Proportion of voting rights*
China Huadian Corporation Ltd.	Beijing	The development, construction and operation management of power and power related industries, production and sale of electricity and heat	3,700,000	61.66% (i)	62.76% (i)

(i) The above proportion of shareholding and proportion of voting rights include those of China Huadian Corporation Ltd. in the Company controlled via Guizhou Wujiang Hydropower Development Co., Ltd. and China Huadian Engineering Co. Ltd..

(2) For information about the subsidiaries of the Company, refer to Note 6(1).

(3) For joint ventures and associates of the Group and the Company, refer to Note 16.

(4) Information on other related parties is listed as follows:

Name of the enterprises	*Relationship with the Group and the Company*
Guodian Nanjing Automation Co., Ltd.	Under control of the same parent company
Huadian Heavy Industries Co., Ltd.	Under control of the same parent company
Huadian Electric Power Research Institute	Under control of the same parent company
Huadian Coal Industry Group Co., Ltd.	Under control of the same parent company
Huadian Coal Industry Group Transportation and Sale Co., Ltd.	Under control of the same parent company
Huadian Trading International (Beijing) Co., Ltd.	Under control of the same parent company
Fujian Huadian Storage and Transportation Co., Ltd.	Under control of the same parent company
Huayuanxing Sea Transportation Co., Ltd.	Under control of the same parent company
China Huadian Finance Corporation Limited	Under control of the same parent company
Beijing Huabin Investments Co., Ltd.	Under control of the same parent company
Huadian Inner Mongolia Kailu Wind Power Co., Ltd.	Under control of the same parent company
Huadian Kezuozhongqi Wind Power Co., Ltd.	Under control of the same parent company
Huadian Ningxia Ningdong Shangde Solar Power Co., Ltd.	Under control of the same parent company
Huadian Energy Co., Ltd.	Under control of the same parent company
Guizhou Huadian Wujiang Hydropower Engineering Management Co., Ltd.	Under control of the same parent company
Hubei Huadian Xiangyang Power Generation Co., Ltd.	Under control of the same parent company
Huadian Hubei Power Generation Co., Ltd.	Under control of the same parent company
China Huadian Corporation Ltd. Xiamen Power Plant	Under control of the same parent company
China Huadian Corporation Supplies Co., Ltd.	Under control of the same parent company
Hangzhou Huadian Engineering Equipment Supervision Co., Ltd.	Under control of the same parent company
China Huadian Corporation Electricity Construction Technology Economic Consulting Center	Under control of the same parent company
Xinjiang Huadian Engineering Co., Ltd.	Under control of the same parent company
Inner Mongolia Mengtai Buliangou Co., Ltd.	Under control of the same parent company
Huadian Distributed Energy Engineering Technology Co., Ltd.	Under control of the same parent company
Huadian Xinjiang Power Generation Co., Ltd.	Under control of the same parent company
Sichuan Huadian Xixihe Hydropower Development Co., Ltd.	Under control of the same parent company
Anhui Huadian Suzhou Power Generation Co., Ltd.	Under control of the same parent company

Name of the enterprises	*Relationship with the Group and the Company*
Huadian Finance Leasing Co. Ltd.	Under control of the same parent company
Inner Mongolia Mengtai Buliangou Dalu Coal Logistics Co., Ltd.	Under control of the same parent company
Huadian GE Aero Gas Turbine Equipment Co., Ltd.	Under control of the same parent company
Zhengzhou Kerun Mechanical & Electrical Engineering Co., Ltd.	Under control of the same parent company
Hebei Huadian Kangbao Wind Power Co., Ltd.	Under control of the same parent company
SDIC Zhangjiakou Wind Power Co., Ltd.	Under control of the same parent company
Inner Mongolia Huadian Erlianhaote New Energy Co., Ltd.	Under control of the same parent company
Standard and Quality Research Institute of Power Industry	Under control of the same parent company
China Huadian Power Station Equipment Engineering Nanjing Power Transmission Equipment Co., Ltd.	Under control of the same parent company
Huadian Zhengzhou Mechanical Design Institute Co., Ltd.	Under control of the same parent company
Beijing Huadian Yunying Electric Power Engineering Consulting Co., Ltd.	Under control of the same parent company
Zhengzhou Keyuan Corrosion Protection Engineering Co., Ltd.	Under control of the same parent company
Shanghai Tonghua Gas Turbine Service Co., Ltd.	Under control of the same parent company
China Huadian Engineering Co., Ltd	Under control of the same parent company
Inner Mongolia Huadian Zhuozi Power Generation Co., Ltd.	Under control of the same parent company
Huadian Fengyuan (Beijing) Trading Co., Ltd. Ningxia Branch	Under control of the same parent company
Huadian Science and Technology Trade Co., Ltd.	Under control of the same parent company
Huadian Jinshan Energy Co., Ltd	Under control of the same parent company
Huadian Group Beijing fuel Logistics Co., Ltd. Qinhuangdao Branch	Under control of the same parent company
Nanjing Huadun Electric Power Information Security Evaluation Co. Ltd.	Under control of the same parent company
Shanxi Hexin Power Development Co., Ltd.	Under control of the same parent company
Jiangsu Sunel Transformer Co., Ltd	Under control of the same parent company
Fujian Huadian Fuel Logistics Co., Ltd.	Under control of the same parent company
Guizhou Huadian Tangzhai Power Generation Co., Ltd.	Under control of the same parent company
Qinghai Datong Power Generation Co., Ltd.	Under control of the same parent company
Beijing Longdian Hongtai Environmental Protection Technology Co., Ltd.	Under control of the same parent company
Hubei Huadian Wuxue New Energy Co., Ltd.	Under control of the same parent company
Huadian Guangdong Shunde Power Generation Co., Ltd.	Under control of the same parent company
Huadian Shanxi Power Generation Co., Ltd.	Under control of the same parent company

(5) Transactions with key management personnel

	The Group	
	2017	*2016*
Remuneration of key management personnel	6,400,627	7,156,957

The Group believes the above transactions with key management personnel were conducted under normal commercial terms or relevant agreements.

(6) Transactions with related parties other than key management personnel

(a) Transaction amounts with related parties:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Purchase of goods	3,186,658,959	2,284,271,223	10,168,807	12,791,041
Receiving services	1,143,856,738	521,426,030	1,559,122	9,791,069
Sales of goods and rendering of services	115,627,190	170,090,058	-	-
Lease of property and receiving property management service	26,149,038	29,207,547	23,004,371	22,300,200
Releasing loan guarantee	(355,500,000)	(379,000,000)	-	-
(Releasing) / provision guarantee	(5,232,000)	(5,666,000)	467,076,774	(10,150,600)
(Repaying) / Obtaining loans	(30,521,362)	581,593,397	(220,000,000)	100,000,000
Balance of deposits changes	(578,560,447)	769,951,744	(398,219,981)	353,993,261
Interest expense	211,058,153	230,211,579	66,532,865	71,340,813
Interest income	25,306,461	28,499,656	130,618,587	100,003,558
Purchase of business	198,173,231	9,800,000	198,173,231	9,800,000
Net amount of funds transactions between the Company and its subsidiaries (i)	-	-	(485,435,133)	1,618,159,818

(i) The net amount of funds transactions between the Company and its subsidiaries primarily represents the net amount of advances, financial support provided or received, and tariff collected on behalf of other subsidiaries.

(b) The balances of transactions with related parties as at 31 December are set out as follows:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Bank deposits	1,873,534,455	2,452,094,902	60,627,821	458,847,802
Account receivables	17,609,472	22,976,935	-	-
Other receivables	61,499,123	53,274,811	1,078,592,778	1,255,801,923
Provision of bad and doubtful debts of other receivables	6,487,030	6,487,030	-	-
Prepayments	667,834	1,095,492	-	-
Interest receivable	-	-	8,422,535	739,765
Dividends receivable	351,000,000	7,871,688	561,963,844	19,700,000
Non-current asset within one year	28,178,700	-	-	-
Long-term receivables	-	28,178,700	3,078,020,000	2,170,520,000
Short-term loans	1,410,000,000	660,000,000	1,030,000,000	250,000,000
Long-term loans due within one year	156,701,903	1,063,833,720	-	1,000,000,000
Long-term loans	2,953,086,427	2,826,475,972	-	-
Long-term payables	76,447,176	76,447,176	-	-
Bills payable	134,143,103	376,746,484	-	-
Accounts payable	1,359,693,656	1,404,483,115	19,776,904	21,658,054
Other payables	316,825,489	315,007,752	1,292,745,613	77,371,765
Interest payable	5,445,137	9,852,834	-	2,315,688
Guarantees secured	1,163,000,000	1,518,500,000	-	-
Guarantees provided	14,476,000	19,708,000	3,909,280,738	3,442,203,964

The above transactions of the Group and the Company with related parties were conducted under normal commercial terms or relevant agreements.

59 Contingencies

(1) Loans guarantee

(a) Loans guarantee provided by the Group for related parties as at 31 December 2017 is set out as follows:

Secured party	*Starting date*	*Ending date*	*Guarantee amount*
Fujian Jian'ou Beijin Hydropower Development Co., Ltd.	24 September 2003	23 May 2019	6,476,000
Fujian Jian'ou Beijin Hydropower Development Co., Ltd.	13 November 2014	30 December 2022	8,000,000

(b) Loans guarantee provided by the Company for its subsidiaries as at 31 December 2017 is set out as follows:

Secured party	*Starting date*	*Ending date*	*Guarantee amount*
Inner Mongolia Huadian Huitengxile Wind Power Co., Ltd.	28 September 2014	27 September 2021	350,000,000
Inner Mongolia Huadian Wutaohai Wind Power Co., Ltd.	13 November 2014	12 November 2029	423,650,000
Inner Mongolia Huadian Wutaohai Wind Power Co., Ltd.	26 September 2014	26 September 2021	215,000,000
Inner Mongolia Huadian Wutaohai Wind Power Co., Ltd.	29 July 2015	29 July 2025	442,800,000
Inner Mongolia Huadian Jieji Wind Power Co., Ltd.	26 September 2014	26 September 2021	200,000,000
Shanxi Huadian Guangling Wind Power Co., Ltd.	30 September 2011	10 September 2025	84,936,225
Guangdong Huadian Qianshan Wind Power Co., Ltd.	29 April 2016	29 April 2031	250,371,900
Guangdong Huadian Qianshan Wind Power Co., Ltd.	18 March 2016	4 March 2031	211,800,000
Guangdong Huadian Qianshan Wind Power Co., Ltd.	28 September 2017	28 September 2032	4,000,000
Maoming Zhong'ao Wind Power Co., Ltd.	15 June 2015	14 June 2026	148,500,000
Huadian Nanning New Energy Co., Ltd.	29 November 2013	29 November 2023	43,000,000
Huadian Nanning New Energy Co., Ltd.	8 July 2016	8 July 2024	113,750,000
Huadian Nanning New Energy Co., Ltd.	26 September 2012	25 September 2022	88,593,970
Huadian Nanning New Energy Co., Ltd.	23 September 2013	25 September 2022	13,400,000
Jiangxi Huadian Jiujiang Distributed Energy Co., Ltd.	20 December 2013	19 November 2025	139,234,820
Huadian (Xiamen) Energy Co., Ltd.	25 September 2015	24 September 2030	76,800,000
Huadian (Xiamen) Distributed Energy Co., Ltd.	19 August 2015	18 August 2031	440,000,000
Fujian Fuxin Zhejiang Changxing Wind Power Co., Ltd.	20 January 2015	26 December 2029	125,625,635
Changxing Heping Huadian Wind Power Co., Ltd.	26 June 2015	23 June 2030	180,800,383
Heilongjiang Huafu Wind Power Co., Ltd	27 May 2008	26 May 2020	392,818,188
Huadian Zhangping Energy Co., Ltd.	20 June 2017	1 June 2021	12,000,000
Huadian Zhangping Energy Co., Ltd.	27 June 2017	1 June 2021	32,000,000

(2) Turnover tax on CER income

Since tax authorities do not specify whether turnover tax is applicable to CER income, the Company's management considered the above tax not applicable to CER income after discussing with local tax authorities. Therefore, the Group does not provide for turnover tax in relation to CER income recognised during the historical periods.

(3) Contingent liability related to reallocation compensation of Mianhuatan Hydropower

As stated in note 28, local government departments require the Group's subsidiary, Mianhuatan Hydropower to increase the compensation amount for the land inundated by the reservoir in order to cover the increasing costs related to the reallocation and resettlement of additional residents, construction of roads and bridges, environmental protection, and preservation of historical artifacts. Consequently, the Group estimated and provided for the contingent liability thus arose.

(4) Contingent environmental liabilities

As at the reporting date, the Group had not been involved in any environmental remediation cases, and did not record any significant environmental remediation costs, or make further provisions for environmental remediation for any businesses. Under existing legislation, management believes there will not be liabilities that have material adverse impact on the Group's financial position and operating results. However, the Chinese government is applying more stringent environmental protection standards and may strengthen regulation in this regard. As a result, uncertainty about environmental liabilities increase, and this may affect the Group's ability to estimate the final environmental costs. Uncertain factors include: (i) the exact nature and extent of contamination in the related location (including but not limited to thermal power plants in operation, closed or sold, and land development areas); (ii) the progress of clean-up work; (iii) costs of various remedial measures; (iv) changes in environmental remediation regulations; and (v) the determination of new locations that need environmental protection measures. As it is unable to predict the extent of contamination that may occur or the exact timing and extent of remedial measures required, the Group cannot determine the exact amount of future environmental costs. While the Group cannot reasonably estimate environmental liabilities arising from new environmental protection requirements, the amounts could be material.

60 Commitments

(1) Capital commitments

As at 31 December, the capital commitments of the Group and the Company are summarised as follows:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Authorized but not contracted for	24,351,688,505	23,161,787,631	55,341,949	110,365,303
Contracted for	7,638,222,743	7,367,849,528	138,769,637	186,256,013
Total	31,989,911,248	30,529,637,159	194,111,586	296,621,316

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties were payable as follows:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
Within 1 year (inclusive)	55,015,243	61,572,347	47,554,785	22,173,447
After 1 year but within 2 years (inclusive)	55,235,243	41,993,780	47,554,785	-
After 2 years but within 3 years (inclusive)	55,235,243	40,911,160	47,554,785	-
After 3 years	252,302,124	241,755,348	96,531,409	-
Total	417,787,853	386,232,635	239,195,764	22,173,447

61 Post balance sheet date events

(1) Profit appropriation after the balance sheet date

After the balance sheet date, the board of directors proposed a final profit distribution. Further details are disclosed in Note 46(2)(b).

(2) Approval of the financial statements

These financial statements were authorized and approved by the Board of Directors of the Company on 17 April 2018.

(3) Issuance of Asset Backed Securities

On 15 March 2018, the green asset-backed security of “Ping An securities-Huadian Fuxin on-grid electricity sales receivables green asset plan” (the “ABS”) was successfully issued on the Shanghai stock exchange with the Company as the sponsor and Ping An Securities Ltd as the plan manager of the ABS. The ABS was set up based on the on-grid electricity sales receivables of seven subsidiaries with total proceeds of RMB840,000,000.

62 Segment reporting

The Group has six reportable segments, which are hydropower, wind power, coal-fired power, solar power, natural gas-fired power and others, determined based on the structure of its internal organisation, management requirements and internal reporting system. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies. The financial information of different segments is regularly reviewed by the Group's management to make decisions about resources to be allocated to each segment and assess its performance.

- Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.

- Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.

- Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

- Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.

- Natural gas-fired power: this segment constructs, manages and operates natural gas-fired power plants and generates electric power for sale to power grid companies.

- Others: other individually immaterial businesses, other than hydropower, wind power, coal-fired power, solar power and natural gas-fired power are categorized as "others" and reviewed as a whole by management. This segment also runs coal trading business.

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

Segment assets include all tangible, intangible, other non-current and current assets, such as accounts receivable, with the exception of income tax paid in advance, deferred tax assets and other unallocated corporate assets. Segment liabilities include payables, bank borrowings attributable to the individual segments, but exclude income tax payable, deferred tax liabilities and other unallocated corporate liabilities.

Financial performance is operating income after deducting expenses, depreciation, amortisation and impairment losses attributable to the individual segments, and interest income and expenses from cash balances and borrowings managed directly by the segments.

(1) Segment results, assets and liabilities

Information regarding the Group's reportable segments set out below is the measure of segment profit or loss and segment assets and liabilities reviewed by the chief operating decision maker:

	2017								
	Hydropower	*Wind power*	*Coal-fired power*	*Solar power*	*Natural gas-fired power*	*Others*	*Unallocated items*	*Elimination*	*Total*
Operating income	2,556,552,679	6,414,245,219	4,913,953,245	1,093,639,566	1,590,010,707	205,158,555	25,990,698	(42,169,612)	16,757,381,057
Including: operating income from external customers	2,556,552,679	6,414,016,715	4,913,953,245	1,093,639,566	1,590,010,707	186,406,126	2,802,019	-	16,757,381,057
Profit / (loss)	1,142,896,024	1,604,559,752	(180,721,959)	186,569,919	57,996,330	(21,338,053)	12,263,774	-	2,802,225,787
Total assets	10,699,638,328	57,670,603,047	14,816,937,755	10,137,207,536	4,886,781,718	1,087,460,621	12,994,303,680	(5,207,936,183)	107,054,996,502
Total liabilities	3,868,894,038	44,581,200,350	11,793,607,984	7,827,871,929	3,740,891,894	533,951,366	13,449,416,990	(5,207,936,183)	80,587,898,368
Other material items:									
- Depreciation and amortization	489,223,739	2,512,562,491	699,626,464	428,080,331	189,861,344	33,448,076	1,345,982	-	4,354,148,427
- Impairment charge for the year	60,272	113,671,928	21,000,385	-	318,558	10,430,112	-	-	145,481,255
- Interest income	5,044,788	26,002,856	8,012,419	2,739,585	11,909,533	2,937,377	123,820,575	(127,897,522)	52,569,611
- Interest expense	88,133,210	1,633,159,602	301,455,753	227,625,528	108,495,603	17,751,317	642,098,402	(127,897,522)	2,890,821,893
- Interest in the profit or loss of associates and joint ventures	6,731,665	40,309,586	115,763	-	-	(621,440)	695,427,111	-	741,962,685
- Investment in associates and joint ventures	127,546,361	449,146,953	24,448,906	-	-	96,902,859	7,492,007,277	-	8,190,052,356
- The amounts of additions to non-current assets other than long-term equity investments	531,826,969	2,914,932,577	1,756,158,493	1,129,068,732	520,011,154	17,285,456	1,273,208	-	6,870,556,589

	2016 (Restated)								
	Hydropower	*Wind power*	*Coal-fired power*	*Solar power*	*Natural gas-fired power*	*Others*	*Unallocated items*	*Elimination*	*Total*
Operating income	4,087,651,802	5,384,615,878	3,706,759,641	889,157,418	1,551,149,745	618,093,284	33,725,818	(166,446,154)	16,104,707,432
Including: operating income from external customers	4,083,038,508	5,382,025,643	3,633,467,601	889,157,418	1,551,149,745	558,964,960	6,903,557	-	16,104,707,432
Profit / (loss)	2,480,210,669	885,917,550	(147,047,588)	81,436,401	11,113,990	(55,597,486)	(54,080,295)	-	3,201,953,241
Total assets	10,922,080,459	56,342,716,823	13,269,597,669	8,898,005,797	4,713,998,228	1,180,721,963	11,763,687,428	(3,810,916,294)	103,279,892,073
Total liabilities	4,091,135,398	44,792,242,916	10,072,443,742	6,858,467,797	3,560,977,083	755,743,363	13,964,020,571	(3,810,916,294)	80,284,114,576
Other material items:									
- Depreciation and amortization	481,729,363	2,384,918,898	663,959,388	303,421,438	174,547,780	29,670,829	4,854,734	-	4,043,102,430
- Impairment charge for the year	5,225,833	46,467,065	29,695,166	18,349,272	46,985,026	30,000,000	-	-	176,722,362
- Interest income	5,455,292	24,093,070	14,894,373	1,319,822	278,931	1,320,147	104,256,936	(95,893,046)	55,725,524
- Interest expense	105,755,404	1,664,286,266	319,921,815	205,361,455	119,374,099	27,665,156	523,816,192	(95,893,046)	2,870,287,341
- Interest in the profit or loss of associates and joint ventures	17,110,434	43,000,000	1,729,743	-	-	6,836,159	561,489,264	-	630,165,600
- Investment in associates and joint ventures	125,317,236	446,081,175	25,733,144	-	-	95,160,810	6,813,575,982	-	7,505,868,347
- The amounts of additions to non-current assets other than long-term equity investments	585,424,435	3,304,540,152	1,559,339,430	774,450,261	511,629,675	58,444,205	6,870,667	-	6,800,698,825

(2) Geographic information

The Group's revenue is substantially generated from the sale of electricity to the customers in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

(3) Major customers

The major customers of the Group are the PRC government controlled power grid companies. Revenue from the sales of electricity to the PRC government controlled power grid companies amounted to RMB14,583,831,870 for the year ended 31 December 2017 (2016: RMB14,222,390,950 (restated)).

63 Risk analysis and sensitivity analysis for financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, and their changes during the year, as well as the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, accounts receivable and bills receivable. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions, including state-owned banks and the related party of the Group, China Huadian Finance Corporation Limited. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The Group sells electricity to state-owned regional or provincial grid companies. Its credit risk in this regard is little given its stable, long-term business relationship with these customers. As at 31 December 2017, accounts receivable from these grid companies accounted for 96.27% (2016: 93.88% (restated)) of the total. For other trade debtors and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the balance sheet. Except for the financial guarantees given by the Group and the Company as set out in Note 59(1), the Group and the Company does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note 59(1).

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2017, the Group has unutilized banking facilities of RMB23,734,997,986. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the future working capital and expenditure requirements of the Group.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group or the Company can be required to pay:

The Group

	Contractual undiscounted cash flows of 2017					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amounts at balance sheet date*
Short-term loans	9,447,016,388	-	-	-	9,447,016,388	9,275,577,644
Accounts payable and other payables	8,905,564,186	-	-	-	8,905,564,186	8,905,564,186
Bills payable	299,177,627	-	-	-	299,177,627	299,177,627
Other current liabilities	7,011,586	-	-	-	7,011,586	7,011,586
Long-term loans (including due within 1 year)	7,608,920,675	7,804,590,189	23,324,283,535	27,011,444,588	65,749,238,987	52,822,739,263
Debentures payable (including due within 1 year)	1,254,260,000	204,260,000	4,396,500,000	2,187,980,000	8,043,000,000	6,986,873,750
Long-term payables (including due within 1 year)	113,112,943	35,748,042	101,754,333	134,807,879	385,423,197	327,873,504
Total	27,635,063,405	8,044,598,231	27,822,537,868	29,334,232,467	92,836,431,971	78,624,817,560

The Group

	Contractual undiscounted cash flows of 2016 (restated)					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amounts at balance sheet date*
Short-term loans	5,405,712,779	-	-	-	5,405,712,779	5,263,530,516
Accounts payable and other payables	10,090,084,938	-	-	-	10,090,084,938	10,090,084,938
Bills payable	889,127,951	-	-	-	889,127,951	889,127,951
Other current liabilities	3,576,998,626	-	-	-	3,576,998,626	3,504,862,626
Long-term loans (including due within 1 year)	7,930,574,518	7,258,221,644	22,687,268,461	25,623,360,293	63,499,424,916	50,917,821,359
Debentures payable	254,260,000	1,254,260,000	4,512,780,000	2,275,960,000	8,297,260,000	6,981,137,321
Long-term payables (including due within 1 year)	114,030,667	36,665,767	104,507,507	167,812,645	423,016,586	353,613,893
Total	28,260,789,479	8,549,147,411	27,304,555,968	28,067,132,938	92,181,625,796	78,000,178,604

The Company

	Contractual undiscounted cash flows of 2017					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amounts at balance sheet date*
Short-term loans	5,568,630,208	-	-	-	5,568,630,208	5,480,000,000
Accounts payable and other payables	1,426,231,536	-	-	-	1,426,231,536	1,426,231,536
Other current liabilities	223,381	-	-	-	223,381	223,381
Long-term loans (including due within 1 year)	63,623,991	59,366,024	203,113,807	410,977,351	737,081,173	609,252,133
Debentures payable (including due within 1 year)	1,254,260,000	204,260,000	4,396,500,000	2,187,980,000	8,043,000,000	6,986,873,750
Total	8,312,969,116	263,626,024	4,599,613,807	2,598,957,351	15,775,166,298	14,502,580,800

The Company

	Contractual undiscounted cash flows of 2016					
	Within 1 year or on demand	*More than 1 year but less than 2 years*	*More than 2 years but less than 5 years*	*More than 5 years*	*Total*	*Carrying amounts at balance sheet date*
Short-term loans	1,993,369,979	-	-	-	1,993,369,979	1,938,500,000
Accounts payable and other payables	219,366,111	-	-	-	219,366,111	219,366,111
Other current liabilities	3,601,014,128	-	-	-	3,601,014,128	3,500,814,128
Long-term loans (including due within 1 year)	1,130,332,394	60,573,139	202,694,003	382,738,860	1,776,338,396	1,577,470,000
Debentures payable	254,260,000	1,254,260,000	4,512,780,000	2,275,960,000	8,297,260,000	6,981,137,321
Total	7,198,342,612	1,314,833,139	4,715,474,003	2,658,698,860	15,887,348,614	14,217,287,560

(3) Interest rate risk

Interest-bearing financial instruments at variable rates expose the Group to cash flow interest rate risk. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) As at 31 December, the Group and the Company held the following interest-bearing financial instruments:

	The Group		*The Company*	
	2017	*2016 (Restated)*	*2017*	*2016*
Fixed rate:				
Financial liabilities				
- Short-term loans	4,696,124,389	1,455,500,000	3,200,000,000	850,000,000
- Other current liabilities	-	3,500,764,000	-	3,500,814,128
- Long-term loans (including due within 1 year)	2,788,900,000	3,567,000,000	100,000,000	1,100,000,000
- Debentures payable (including due within 1 year)	6,986,873,750	6,981,137,321	6,986,873,750	6,981,137,321
- Long-term payables (including due within 1 year)	166,677,872	173,108,923	-	-
	14,638,576,011	15,677,510,244	10,286,873,750	12,431,951,449
Variable rate:				
Financial liabilities				
- Short-term loans	4,579,453,255	3,808,030,516	2,280,000,000	1,088,500,000
- Long-term loans (including due within 1 year)	50,033,839,263	47,350,821,359	509,252,133	477,470,000
- Long-term payables (including due within 1 year)	161,195,632	180,504,970	-	-
	54,774,488,150	51,339,356,845	2,789,252,133	1,565,970,000
Less: financial assets				
- Cash at bank	2,127,026,200	2,959,239,291	91,004,115	488,806,408
	52,647,461,950	48,380,117,554	2,698,248,018	1,077,163,592

(b) Sensitivity analysis

As at 31 December 2017, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the Group's net profit and equity by RMB363,267,488 (2016: RMB333,822,811 (restated)), and would decrease or increase the Company's net profit and equity by RMB19,832,123 (2016: RMB8,078,727).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group or the Company at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

(4) Foreign currency risk

Some cash at bank and bank loans denominated in foreign currencies (mainly the Hong Kong dollar, Euro and US dollar) expose the Group to foreign currency risk. As at 31 December 2017, the proportion of the Group's cash at bank and on hand denominated in foreign currencies accounted for 6.8% (2016: 3.51% (restated)) of the total, while the proportions of loans were 1.20% (2016: 1.38% (restated)). Its main operating activities are settled in the Renminbi.

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

As at 31 December 2017, the Group did not have outstanding foreign currency swap contracts (2016: Nil).

(a) As at 31 December, the Group's and the Company's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date.

The Group

	2017			*2016*		
	USD	*EUR*	*HKD*	*USD*	*EUR*	*HKD*
Cash at bank and on hand	5,752	103,515,807	41,134,577	5,912	71,018,344	32,935,173
Short-term loans	-	(280,882,800)	(326,004,900)	-	(263,044,800)	(348,858,900)
Long-term loans (including due within 1 year)	(139,234,820)	-	-	(165,584,830)	-	-
Gross and net balance sheet exposure	(139,229,068)	(177,366,993)	(284,870,323)	(165,578,918)	(192,026,456)	(315,923,727)

The Company

	2017			*2016*		
	USD	*EUR*	*HKD*	*USD*	*EUR*	*HKD*
Cash at bank and on hand	-	-	25,970,277	-	-	23,845,995
Gross and net balance sheet exposure	-	-	25,970,277	-	-	23,845,995

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group and the Company:

	Average rate		*Reporting date mid-spot rate*	
	2017	*2016*	*2017*	*2016*
USD	6.7573	6.6406	6.5342	6.9370
EUR	7.6308	7.3228	7.8023	7.3068
HKD	0.8673	0.8557	0.8359	0.8945

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar, Euro and Hong Kong dollar at 31 December would have increased (decreased) the Group's and the Company's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

	The Group		*The Company*	
	2017	*2016*	*2017*	*2016*
USD	5,221,094	6,209,212	-	-
EUR	6,651,266	7,200,998	-	-
HKD	10,682,637	11,847,139	(973,885)	(894,224)
Total	22,554,997	25,257,349	(973,885)	(894,224)

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group or the Company which expose the Group or the Company to foreign currency risk at the balance sheet date. The analysis is performed on the same basis for the previous year.

64 Fair value

(1) Financial instruments carried at fair value

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's and the Company's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

For the year ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The Group

	31 December 2017			
	Level 1 fair value measurement	*Level 2 fair value measurement*	*Level 3 fair value measurement*	*Total*
Recurring fair value measurements				
Assets				
Available-for-sale financial assets				
- Available-for-sale equity instruments	285,221,521	-	-	285,221,521
Total assets measured at fair value on a recurring basis	285,221,521	-	-	285,221,521

The Group

	31 December 2016			
	Level 1 fair value measurement	*Level 2 fair value measurement*	*Level 3 fair value measurement*	*Total*
Recurring fair value measurements				
Assets				
Available-for-sale financial assets				
- Available-for-sale equity instruments	300,856,237	-	-	300,856,237
Total assets measured at fair value on a recurring basis	300,856,237	-	-	300,856,237

(2) Fair value of other financial instrument (items not measured at fair value at the end of the year)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost primarily including receivables, payables and borrowings are not materially different from their fair values at the end of the reporting period, which are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The investments in unquoted equity securities are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose of these investments.

65 Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure, etc. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as at 31 December 2017 are 75% (31 December 2016: 78% (restated)).

During 2017, the Group's strategy was unchanged from 2016. Neither the Group nor the Company are subject to externally imposed capital requirements.