



大唐国际发电股份有限公司  
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

Stock Code: 00991

# BRAVE THE WIND AND THE BILLOWS

2016 Annual Report

# Brave the Wind and the Billows

Datang Power will keep strengthening the leading position of its principal power generation business, adhering meaningful, high-quality and stable development, building a sustainable development model, committing to upgrading the power generation industry as a whole, and promoting the healthy development of the Company.

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# Company Profile

## Company overview

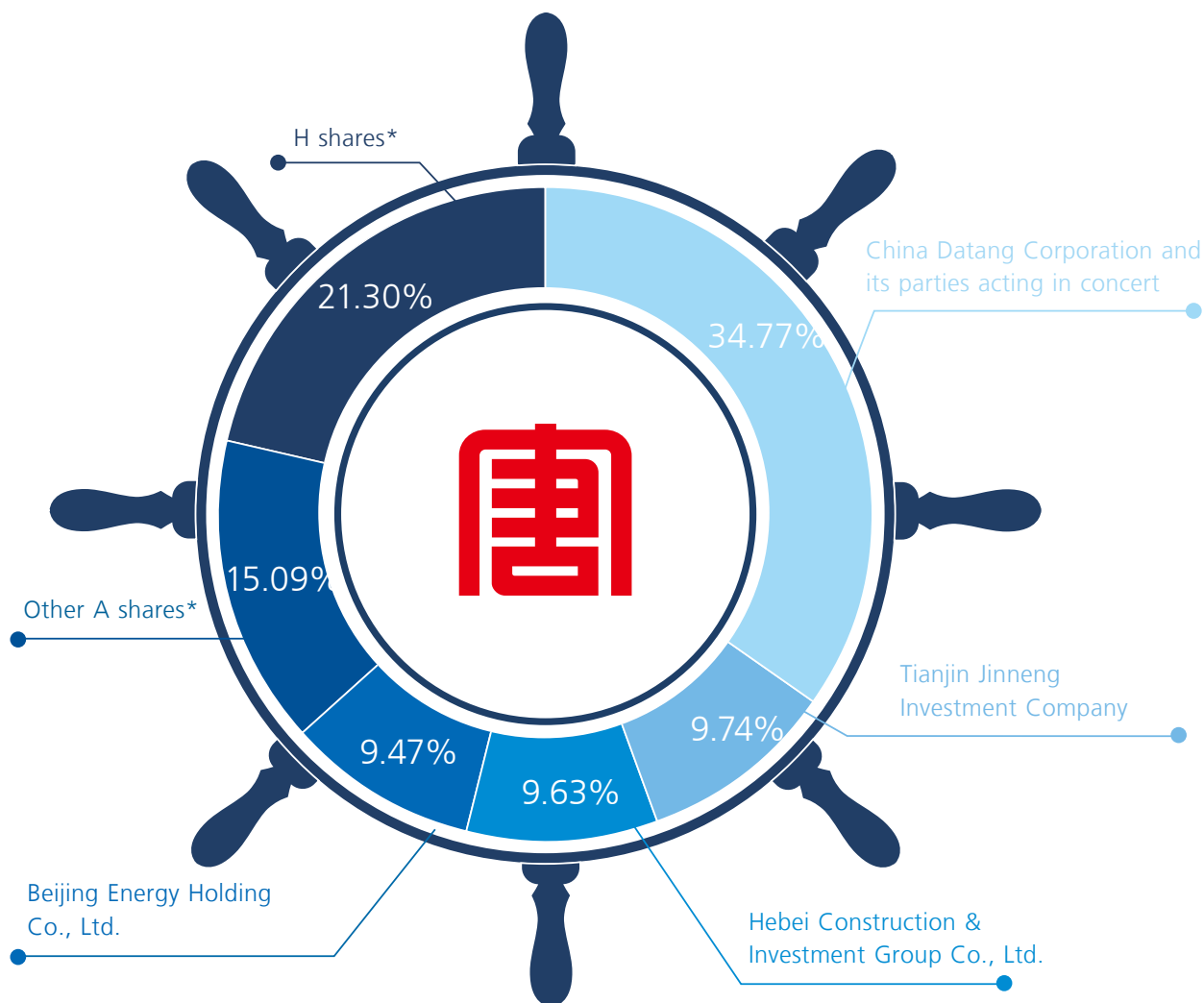
Datang International Power Generation Co., Ltd. ("Datang Power" or the "Company") was registered with the State Administration for Industry and Commerce of the People's Republic of China (the "PRC") on 13 December 1994. Datang Power is one of the largest independent power generation companies in the PRC. As at 31 December 2016, the total consolidated assets of the Company and its subsidiaries amounted to approximately RMB233.465 billion. Total installed size under management of the Company amounted to 44,338.015MW, and the businesses of power generation, transportation and

recycling economy have covered 18 provinces (including municipalities and autonomous regions) throughout the country.

## Adherence to the philosophy of efficiency value

Datang Power adheres to the guidance of core philosophy of "Value Mindset and Efficiency-oriented Principle", pursuit meaningful, high-quality and stable development, builds a sustainable development model and strives to create more economic value for stakeholders.

## EQUITY STRUCTURE AND SHAREHOLDING OF THE COMPANY



\* Excluding the equity interest held by China Datang Corporation and its parties acting in concert



### Facilitation of continuous structure optimisation

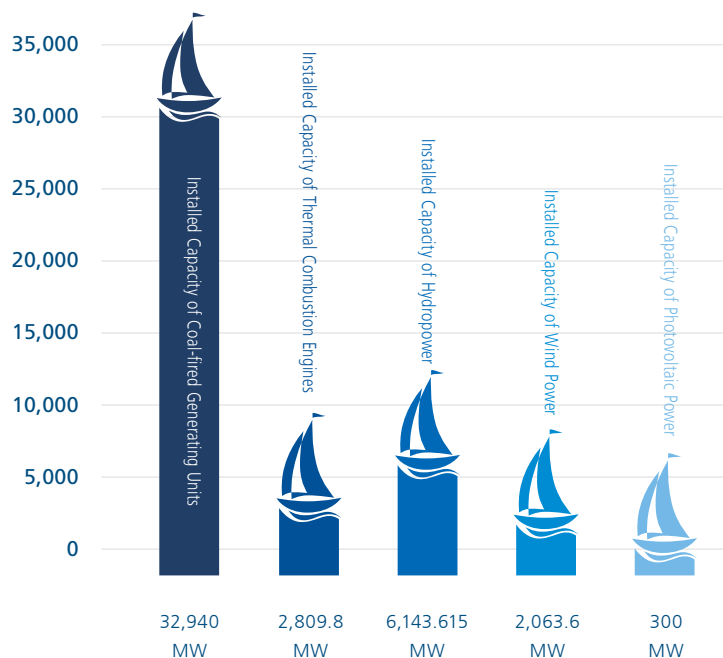
Datang Power continuously adjusts and optimises its regional structure, business structure, power generation structure and shareholding structure to strengthen the leading position of its principal power generation business.

### Commitment to the power generation industry upgrade

Datang Power develops non-water renewable energy vigorously, pursues clean and order development of coal-fired power business, develops middle-to-large scale hydropower base proactively, develops high quality power generators. Datang Power carries out heat sales business and enters the field of electricity distribution and sales proactively. Datang Power is committed to upgrading the power generation industry as a whole.

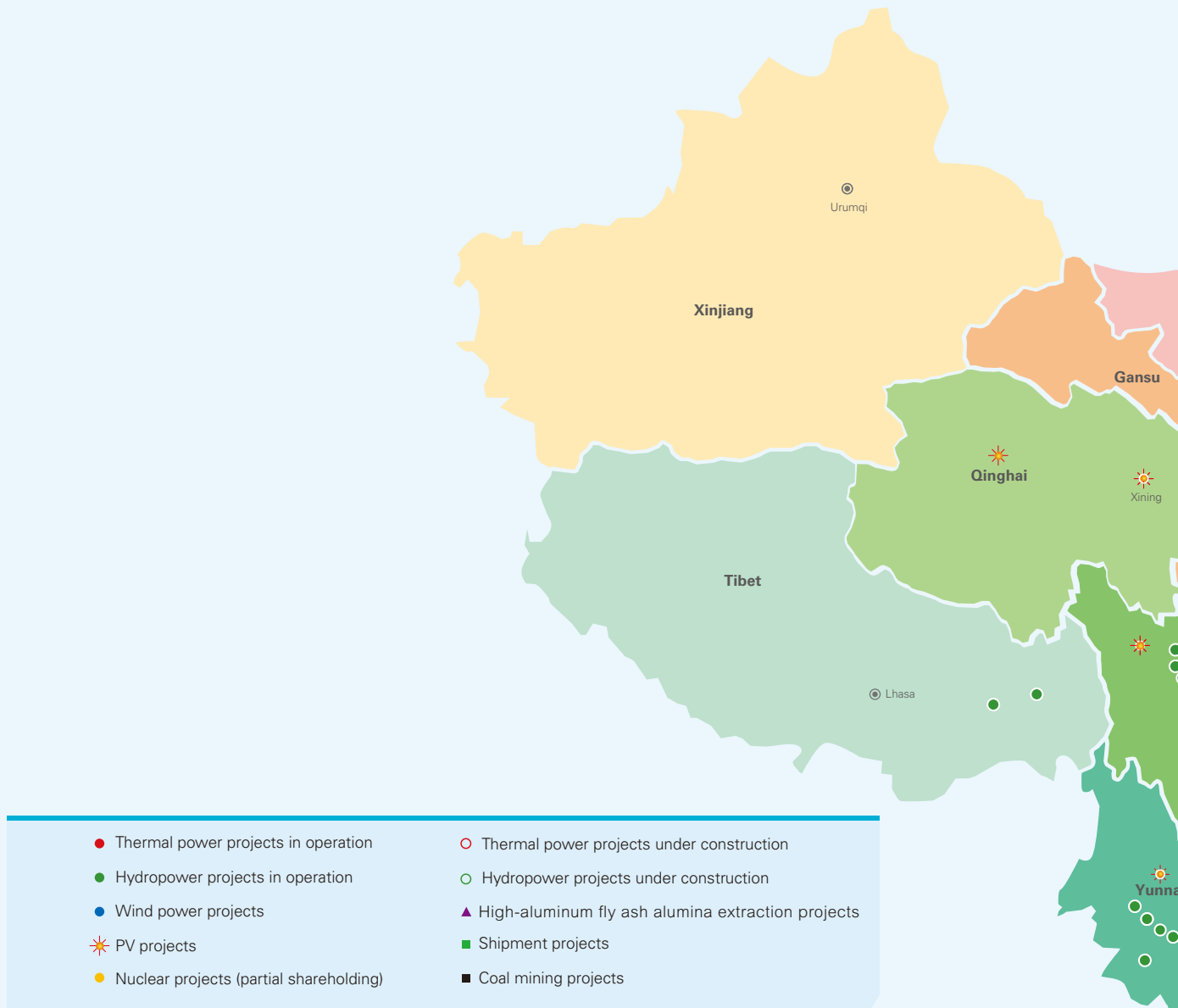
## Business Segments of the Company

The predominant Edge of the Power Generation Business



- Managed an installed capacity of approximately 44,338,015 MW.
- Completed power generation of approximately 172.4747 billion kWh.

# Distribution of Projects







## Major Events in 2016

2. On 30 June 2016, the Company and Zhongxin Energy and Chemical Technology Company Limited (“Zhongxin Energy and Chemical”), a wholly-owned subsidiary of China Datang Corporation (“CDC”) entered into the Transfer Agreement in Relation to Coal-to-Chemical Business Segment and the Related Project, pursuant to which the transaction target was transferred at a consideration of RMB1 to Zhongxin Energy and Chemical. Such transfer was completed on 31 August 2016.

4. On 24 December 2016, generating unit no. 9 of Phase V project of Inner Mongolia Datang International Tuoketuo Power Generation Company Limited commenced operation smoothly after a 168-hour full load trial operation was successfully completed.



1. On 27 April 2016, generating unit no. 2 of Jiangxi Datang International Fuzhou Power Generation Co., Ltd. commenced operation after a 168-hour full load trial operation was completed, symbolising the full production of two 1,000MW generating units of Phase I of Fuzhou Power Generation Company.



3. On 11 August 2016, generating unit no. 5 of Huangjinping Hydropower Station of Sichuan Datang International Ganzi Hydropower Development Company Limited came into service after 72 hours of trial operation, symbolising the full production and operation of six generating units with a total installed capacity of 850MW of Huangjinping Hydropower Station.







## Major Honors and Awards received by the Company



1. We were among the "Platts' Top 250 Global Energy Corporates" for the tenth times.
2. We won the "Gold Award for Best Corporate Governance, Social and Environmental Responsibility and Investor Relations" from "The Asset" Magazine.
3. We won the "2016 Top 100 Listed Companies in China" from Warton Economic Institute and China Business Top 100 Forum.
4. We won the "Listed Companies with the Best Investor Relations Management" in the "China Securities Golden Bauhinia Awards".
5. We were selected as the "Top 100 Creditable PRC Listed Companies for 2016" by Trustworthiness Summit Forum of Listed Companies in the PRC.





# Financial and Operating Highlights

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

(Amounts expressed in millions of RMB)

For the year ended 31 December	2012	2013	2014	2015	2016
<b>Continuing operations</b>					
Operating revenue	74,744	71,692	68,262	60,050	57,292
Profit before tax	7,308	9,446	9,563	9,939	8,441
Income tax (expense)/credit	(1,334)	(2,639)	(3,017)	(3,282)	762
Profit for the year from continuing operations attributable to:					
– Owners of the Company	3,896	4,107	4,796	5,289	3,272
– Non-controlling interests	2,078	2,700	1,750	1,368	5,931

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in millions of RMB)

As at 31 December	2012	2013	2014	2015	2016
Total assets	276,707	299,940	307,528	308,495	233,465
Total liabilities	(220,695)	(236,110)	(244,070)	(244,911)	(174,636)
Non-controlling interests	(14,699)	(20,065)	(19,293)	(18,287)	(18,845)
Equity attributable to owners of the Company	41,314	43,765	44,165	45,297	39,984

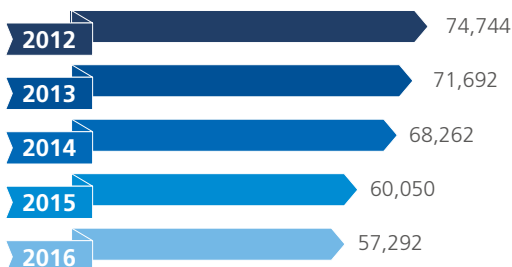


## Financial and Operating Highlights

### CONSOLIDATED OPERATING REVENUE FROM CONTINUING OPERATIONS



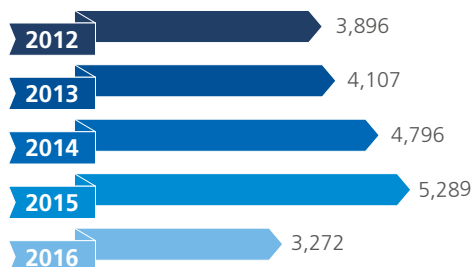
(RMB million)



### CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY



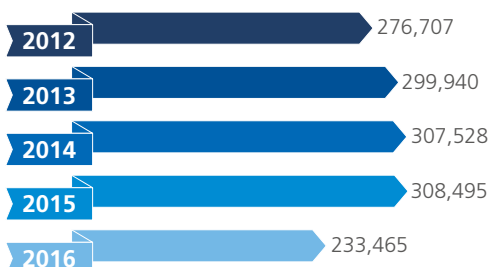
(RMB million)



### CONSOLIDATED ASSETS



(RMB million)



### TOTAL INSTALLED CAPACITY



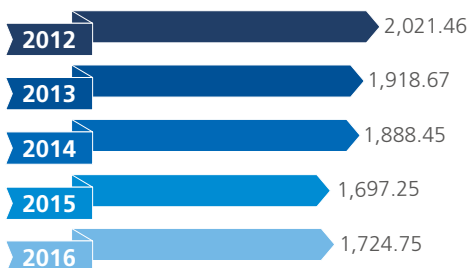
(MW)



### TOTAL POWER GENERATION



(billion kWh)



### TOTAL ON-GRID GENERATION



(billion kWh)



## Chairman's Statement

The Company insisted on the core concept of "value thinking and efficiency-oriented", regarded the creation of upgrading of power generation industry as the main line, accelerated the implementation of the "thirteenth five" plan, actively broadened the development thinking, continuously pushed forward reform and innovation, strived to enhance "five advantages" in cost leadership, clean development, technological innovation, professional management and control and human resources, obtaining better-than-expected operating development results.

**Chen Jinhang**  
Chairman





In 2016, encountering unprecedented severe situation, the Company insisted on the core concept of "value thinking and efficiency-oriented", regarded the creation of upgrading of power generation industry as the main line, accelerated the implementation of the "thirteenth five" plan, actively broadened the development thinking, continuously pushed forward reform and innovation, strived to enhance "five advantages" in cost leadership, clean development, technological innovation, professional management and control and human resources, obtaining better-than-expected operating development results.

**Continuous optimization of production and management of the Company.** The Company strived for improvement on productivity and efficiency, comprehensively implemented forging ahead strategy, and completed 172.4747 billion kWh of power generation volume, achieving positive growth in power volume in recent five years on comparable basis. The Company also strived for safety production, and paid close attention to implementation of responsibility and system, smoothly completed G20 Summit and other power generation missions, while 3 power generating units were appraised as A grade power generation units in terms of reliability throughout the country. The Company put effort on energy conservation and emission reduction, deepened equipment treatment and upgrading, completed power supply and coal consumption of 300.68 g/kWh, representing a year-on-year decrease of 5.05 g/kWh, creating the best historical level. The Company strived for innovation and development, comprehensively carried forward comprehensive innovation which regarded technological innovation as the core, received 3 industrial technology improvement awards, and undertook 2 national level technology projects.

**Continuous consolidation of advantages of the Company's principal business.** The Company paid more attention to optimization of development and driving of innovation, and the development quality improved significantly. The Fuzhou million generating unit projects jointly constructed with Electricite De France was put on stream with high quality, creating the new record of shortest construction period and the lowest cost in similar projects in the country. Expansion project of Tuoketuo Power Plant was completed and under production, becoming the largest coal-fired power plants in the world. Meanwhile, the Company comprehensively widened the room for development, strengthened overseas cooperation, fostered government cooperation, deepened enterprise cooperation, and filled the vacancy of development.

**Continuous improvement on management level of the Company.** The Company stressed on legal corporate governance, normative management, consolidated system establishment, intensified internal control, and strengthened the implementation in different levels. The management results of improvement on efficiency, risk prevention, cost reduction and increase in effectiveness became more obvious. The Company paid attention to improvement on asset quality, fully pushed forward keeping fit and health as well as quality improvement and efficiency enhancement, and smoothly realized the transfer of equity interests and power source assets in coal-to-chemical and related project company, moving an important step in the aspect of optimizing asset structure.

**Extensive compliment received by market brands of the Company.** Relying on normative governance and favorable performance, the Company was once again selected by Platts as the "Top 250 Global Energy Companies", were listed on the "Top 100 Listed Chinese Companies", and won the "Gold Award for Best Corporate Governance, Social and Environmental Responsibility and Investor Relations" from "The Asset" Magazine, "Listed Companies with the Best Investor Relations Management" in the "China Securities Golden Bauhinia Awards", "Top 100 Credible Listed Chinese Companies" and other awards.

In 2017, the Company will regard quality and efficiency as the centre and set reform and innovation as targets, comprehensively implement benchmarking surpassing plan, put effort on improving safety management and control level, enhancing asset quality, strengthening capability of governance, boosting quality of employees, and promoting comprehensive competitive advantages. All members of the Board and I deeply believe that with support of all shareholders and different sectors in the society and under hard work jointly devoted by the Board, the Supervisory Committee, the management and all staff, Datang Power should be able to receive greater development, continuously go forward to be a leading and internationally top-tier comprehensive power source service provider in the industry, and provide shareholders with better return and serve for the society with excellent results.

Mr. Chen Jinhang  
Chairman



## Management Discussion and Analysis



For the year 2016, the Company adhered to carry out work guidance through the core concept of value-focused and efficiency-oriented principles, and has been insisting on making up for weaknesses and enhancing the strength in order to accelerate the implementation of the “13th Five Year” Plan and achieve smooth coal-to-chemical restructuring. The safety production trends of the Company maintained stable throughout the year. Focusing on optimizing the development and driven by innovation, the Company attained remarkable results in energy conservation and emission reduction, and achieved every target mission throughout the year in a better manner.



## (I) Overview

The Company is one of the largest independent power generation companies in the People's Republic of China (the "PRC") and primarily engages in power generation business with its main focus on coal-fired power generation. Meanwhile, the Company is involved in coal, transportation, circular economy and other fields, and gradually develops into a first-class integrated energy company. For the year 2016, the Company adhered to carry out work guidance through the core concept of value-focused and efficiency-oriented principles, and has been insisting on making up for weaknesses and enhancing the strength in order to accelerate the implementation of the "13th Five Year" Plan and achieve smooth coal-to-chemical restructuring. The safety production trends of the Company maintained stable throughout the year. Focusing on optimizing the development and driven by innovation, the Company attained remarkable results in energy conservation and emission reduction, and achieved every target mission throughout the year in a better manner.

## (II) Review on the Operating Results of Principal Businesses

During the year, the Company completed the power generation of 172,474.7 million kWh, realizing positive growth in electricity for the first time in the recent five years. As of 31 December 2016, total consolidated assets of the Group amounted to approximately RMB233,465 million, representing a year-on-year decrease of RMB75,030 million; total consolidated liabilities of the Group amounted to approximately RMB174,636 million, representing a year-on-year decrease of RMB70,275 million.

### 1. New situation present in safety production

In 2016, the Company focused on security work at basic level, concentrated on strengthening the safety awareness of all staff, paid close attention to the implementation of safety responsibilities at all levels, implemented safety production upgrading assessment based on the principles of "Grasping small accidents to prevent big accidents" and "Considering the accidents which did not happened as accidents which already happened", implemented serious accountabilities on problems not controlled in place, and successfully completed the power insurance mission of "G20 summit". The No. 2 and No. 3 power generation units of Tuoketuo Power Generation Company and the No. 2 power generation unit of Pansan Power Company were rated as National Reliability Class A units. The Company received 3 awards for improvement in science and technology industry, revised 19 standards in industrial level or above, and gained 180 additional patents during the year.

### 2. Optimization of development to achieve new breakthroughs

On 25 February 2017, generating units of phase five construction of Inner Mongolia Datang International Tuoketuo Power Generation Plant successfully passed the 168-hour trial operation, and up to now, the two 660,000kw power generation units in Tuoketuo Power Plant phase five expansion construction have commenced production, becoming the largest thermal power plant in the world. No. 2 generating unit of Fuzhou Power Generation Company commenced production on 27 April 2016, becoming the first production project for million generating unit during the "13th Five Year Plan" of the Company.



## Management Discussion and Analysis

As of 31 December 2016, the installed capacity of generating units managed by the Company amounted to approximately 44,338.015MW, among which coal-fired power accounted for 32,940MW or approximately 74.29%, thermal power gas turbine power accounted for 2,890.8MW or approximately 6.52%, hydropower accounted for 6,143.615MW or approximately 13.86%, wind power accounted for 2,063.6MW or approximately 4.65%, and photovoltaic power accounted for 300MW or approximately 0.68%.

During the year, power generation projects of the Company with the installed capacity were 1,579MW in total, among which, photovoltaic power accounted for 750MW, hydropower accounted for 210MW and wind power accounted for 619MW.

### 3. Taking a new step of capital operation

The transfer of coal-to-chemical business segment and related projects was successfully completed during the year. The Company has taken the most important step towards structural adjustment. Non-public issuance of A-shares and non-public issuance of H-shares of the Company have been considered and approved by the general meeting of the Company in March 2017. The Company was once again selected by Platts as the "Top 250 Global Energy Companies", were listed on the "Top 100 Listed Chinese Companies", and won the "Gold Award for Best Corporate Governance, Social and Environmental Responsibility and Investor Relations" from "The Asset" Magazine, "Listed Companies with the Best Investor Relations Management" in the "China Securities Golden Bauhinia Awards", "Top 100 Credible Listed Chinese Companies" and other awards.

### 4. Continuous improvement in energy conservation and emission reduction indicators

During the year, total coal consumption of the Company for power supply was 300.68g/kWh, representing a year-on-year decrease of 5.05g/kWh. Electricity consumption rate of power plants was 3.55%, representing a year-on-year decrease of 0.35%. The total operation rate of desulfurisation facilities and the total overall desulfurisation efficiency rate amounted to 100.00% and 97.91%, respectively. The total operation rate of denitrification facilities and the total overall denitrification efficiency rate amounted to 99.54% and 85.60%, respectively. The performance of sulfur dioxide, nitrogen oxides, smoke ash and waste water were 0.12g/kWh, 0.16g/kWh, 0.030g/kWh and 0.027kg/kWh. During the year, the Company completed ultra-low emission transformation projects with 28 units. The equipment rate of coal-fired power generating units of the Company reached 100%, much higher than the national average level.

## (III) Major Financial Indicators and Analysis

### 1. Operating revenue

During the year, the Group realized a consolidated operating revenue from continuing operations of approximately RMB57,292 million, representing a decrease of approximately 4.59% over the Previous Year, among which, revenue from electricity sales decreased by approximately RMB3,690 million over the Previous Year.





## 2. Operating costs

During the year, total operating costs of the Group relating to continuing operations amounted to approximately RMB44,124 million, representing a decrease of approximately RMB231 million or 0.52% over the Previous Year. Among which, fuel cost accounted for approximately 50.45% of the operating costs, and depreciation cost accounted for approximately 24.45% of the operating costs.

## 3. Net finance costs

During the year, finance costs of the Group relating to continuing operations amounted to approximately RMB5,599 million, representing a decrease of approximately RMB1,357 million or approximately 19.51% over the Previous Year. The reason for the decrease was primarily due to the reduction in liability scale through debt restructuring.

## 4. Total profit and net loss

During the year, the Group reported a total profit before tax from continuing operations amounting to approximately RMB8,441 million, representing a decrease from continuing operations approximately 15.07% over the Previous Year. Net loss attributable to equity holders of the Company amounted to approximately RMB2,754 million, while net profit attributable to equity holders of the Company for the year 2015 amounted to approximately RMB2,788 million. The decrease in the Group's profit before tax is mainly due to the loss caused by disposal of coal-to-chemical business segment and related projects.

Power generation segment of the Company realized a total profit of approximately RMB8,942 million, representing a year-on-year decrease of approximately RMB4,205

million. (Thermal power (including combustion engine) realized a total profit of approximately RMB7,847 million, representing a year-on-year decrease of approximately RMB4,450 million.)

## 5. Financial position

As of 31 December 2016, total assets of the Group amounted to approximately RMB233,465 million, representing a decrease of approximately RMB75,030 million over the Previous Year. The decrease in total assets was mainly due to the disposal of coal-to-chemical business segment and related projects by the Group.

Total liabilities of the Group amounted to approximately RMB174,636 million, representing a decrease of approximately RMB70,275 million over the Previous Year. Of the total liabilities, non-current liabilities decreased by approximately RMB51,859 million over the Previous Year. The decrease in total liabilities was mainly due to the disposal of coal-to-chemical business segment and related projects by the Group.

Equity attributable to equity holders of the Company amounted to approximately RMB39,984 million, representing a decrease of approximately RMB5,313 million over the Previous Year. Net asset value per share attributable to equity holders of the Company amounted to approximately RMB3.00, representing a decrease of approximately RMB0.40 per share over the Previous Year.

## 6. Liquidity

As of 31 December 2016, the liability-to-asset ratio of the Group was approximately 74.80%. The net debt-to-equity ratio (i.e. (loans + short-term bonds + long-term bonds – cash and cash equivalents)/total equity) was approximately 227.84%.



## Management Discussion and Analysis

As at 31 December 2016, cash and cash equivalents of the Group amounted to approximately RMB4,501 million, among which deposits equivalent to approximately RMB47 million were foreign currency deposits. The Group had no entrusted deposits and overdue fixed deposits during the year.

As at 31 December 2016, short-term loans of the Group amounted to approximately RMB11,010 million, bearing annual interest rates ranging from 1.95% to 4.35%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB90,166 million and long-term loans repayable within one year amounted to approximately RMB7,749 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 1.35% to 6.22%. Loans equivalent to approximately RMB495 million were denominated in US dollar. The Group paid close attention to foreign exchange market fluctuations and cautiously assessed risks.

### 7. Welfare policy

As at 31 December 2016, the staff of the Group totaled 22,966. The Group has adopted the basic salary system focusing on the basis of position-points salary distribution and a variety of incentive mechanisms so as to attract and retain talents. The Company continued to promote the construction of talent team and comprehensively improve the quality of staff. The Company vigorously implemented strategies to develop a strong corporation with talents, coordinate and promote the construction of three talent teams, and consider training as the important means to improve the overall quality of the staff and enhance the core competitiveness of the enterprises. In 2016, 265,993 person-times attended trainings arranged by the Company, among which 70,600 person-times attended corporate

management and professional technique trainings, 190,213 person-times attended production technique trainings and 5,180 person-times attended other trainings.

### (IV) Outlook for 2017

2017 is the “year of deepening” of the structural reform of the supply side of the PRC. Considering the factors including the macroeconomic context, the development trend of service industry and residential power consumption and power replacement, it is expected that there will be a slowdown of the growth in the demand of power throughout the society in the PRC in 2017. The demand and supply of power will continue to be oversupplied overall and will be more obvious in certain regions.

The Company closely follows the trends of energy market for achieving the upgrading of power generation industry as the main quest, the technological innovation as the motivation and the Internet in relation to energy as the platform. The Company actively adopts the new normal of economic development by upholding the “value-based mindset and efficiency orientation”, proactively promoting the “13th Five Year” plan of the Company, striving to develop non-water renewable energy, developing clean and orderly coal power, proactively developing large and medium scale of hydropower, and enhancing the development of combustion engine. The Company proactively develops the thermal sales business, moderately develops and carries out merge and acquisition of heat-supply network for seizing the market share of thermal power in a timely manner. The Company adjusts the pace of promoting the coal business in coordination with principal power generation business, and uses the demonstration projects as the main strategy to foster the business of extracting aluminum oxide from fly ash. The Company speeds up the pace of developing the empty area and accelerates the progress of globalization to expand the new realm of development and room for development, proactively get a place in the domain of distribution and sales of power, actively participate in the construction of coal trading market, thereby



establishing the Company to be an internationally first class integrated energy listing company which is a leader in the industry with outstanding core competitiveness as well as strong and substantial development ability. The overall performances are as follows:

### 1. Efforts to improve the safety control

The Company will strengthen the foundation of safety production, adhere to maintain high pressure trend on safe management, improve production management level, enhance technical supervision and management, strengthen maintenance and repair effort, centralize resources to promote comprehensive quality improvement of production management, deepen the potential of energy saving and consumption reduction, complete the annual ultra-low emission transformation plan, continuously optimize the performance of energy saving and emission reduction, strengthen the efforts in technological innovation, promote intelligentization and digitalization in new energy projects, and promote the establishment of innovative enterprises.

### 2. Efforts to enhance the competitive advantage

The Company will strengthen the market concepts, conduct in-depth study and judgment, manage the enterprise through market means, participate in the competition by utilizing market mindset, achieve the fundamental changes from “planned power generation” to “sales of electricity base on market” in a timely manner, strengthen the marketing system, optimizes the marketing team, innovate market-oriented system and mechanism to ensure rapid response, efficient decision-making and effective linkage, strengthen cost control, deepen cost management of fuels, strictly control costs and expenses, optimize fund scheduling, and strengthens capital control.

### 3. Efforts to improve the quality of assets

The Company will solidify the new development concept, unswervingly adhere to optimize development concept, accelerate the development of non-water renewable energy, actively develop thermal power and combustion engine projects, increase the construction efforts in high parameter power generation units with large capacity, strengthen the development and construction of hydropower projects and protection of resources, strive to develop an upgraded version of power generation industry, further explore the rooms for development, promote development of overseas projects, and actively establish cooperation with international enterprises.

### 4. Efforts to enhance the capability of corporate governance

The Company will improve the efficiency of management and control, and comprehensively enhance the lawful corporate governance system “based on systematic management, adhering to the rules and implemented according to the process”. Also, the Company will refine the system with reference to the problems, clarify management interface, straighten out the power and responsibility system, optimize business processes and unify management and control standards, so as to strengthen the system execution. Moreover, the Company will step up its capital operations and put more efforts in analysis and research on the capital market and power industry for proactive exploration for diversified low-cost financing models. Last but not least, the Company will reinforce its market value management by establishing a strategy for it to boost investor confidence, build the “Datang Power” brand and continuously stimulate the vitality as a listed company.



# Fulfillment of Social Responsibilities



Energy sectors are vital to national well-being and people's livelihood. Keeping our mission in mind, we have reconciled business growth with social progress and environmental protection, committing ourselves to a responsible, powerful, trustworthy integrated energy company.



# Fulfillment of Social Responsibilities

## (I) OUR RESPONSIBILITY

Energy sectors are vital to national well-being and people’s livelihood. Keeping our mission in mind, we have reconciled business growth with social progress and environmental protection, committing ourselves to a responsible, powerful, trustworthy integrated energy company. We strive to build a “Value-added, Eco-friendly, Legal Compliant, Innovation-driven and CSR-minded” Datang Power to realise the sustainable development.

### Eco-friendly

We are committed to green production and fully transforming our company into a resource saving, and environmentally friendly enterprise that is equipped with industry-leading energy efficient and low emission generators. Our approach will increase our installed capacity and the percentage of clean and renewable energy that we produce. This will contribute to our targets for green growth, a low-carbon economy, and recycling.

### CSR-minded

We are committed to taking economic, political and social responsibilities for national prosperity, socio-economic progress, corporate development and the growth of our employees.

### Legal Compliant

We strive to establish a corporate governance system based on the rule of law by building a systematic, scientific and effective institutional framework, creating an internal environment in which corporate affairs are governed, executed and considered in accordance with rules and regulations, and forming a governing approach in which the Company is governed in accordance with the law and operated with integrity and in a practical manner.

### Value-added

We are committed to integrating the concept of “value thinking and efficiency-oriented” into the whole process and every aspect of our production and operation, so as to maximize our economic, social and environmental value by safeguarding our outstanding performance, high-quality assets and proper industrial structure.

### Innovation-driven

Adhering to the principle of “boosting development by innovation”, we continuously promote innovation in technology, management and business model, thus driving the Company’s transformation and upgrade by advancing innovation capabilities.


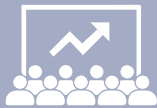





# Fulfillment of Social Responsibilities





## (II) STAKEHOLDER MANAGEMENT

We are devoted to maintaining active interactions with internal and external stakeholders in order to know their opinions and incorporate their demands into the company's business strategies and operations, hence facilitating mutual benefits and win-win results.

Stakeholders	Concerns	Communication Methods	Performance Indicators	Some Examples
 Government	National policies and energy security Power and heat supply Legal compliance Tax Structural optimization Energy conservation and emission reduction Increasing employment Management and technical Innovation	Laws, regulations and policies Relevant meetings Report works Statistical statements Information submission High-level meetings	Scale of installed capacity Power generation capacity Total profit and tax Jobs provided Energy conservation indicators Emissions reduction indicators Proportion of clean and renewable energies Innovation results	<ul style="list-style-type: none"> <li>Datang Power signed an Agreement of Strategic Cooperation Framework with the People's Government of Lingshui Li Autonomous County, Hainan province.</li> <li>Datang Power signed an Agreement of Investment and Cooperation Framework with the Municipal Government of Golmud City, Qinghai province.</li> </ul>
 Shareholders	Profit level Standardized operations	Shareholders' meetings Company announcements Periodic reports Contracts and agreements	Shareholder dividends Shareholder rights and interests Sales income Company profit	<ul style="list-style-type: none"> <li>Attendees at The Second Temporary Shareholders' Conference discussed and passed the Proposal on Signing an Agreement with Zhongxin Energy and Chemical Technology Co., Ltd to Transfer Coal-to-chemical and the Related Projects.</li> <li>Datang Power held the 2016 Interim Results Press Conference in Shanghai and Hong Kong.</li> </ul>
 Staff	Democratic rights Health and safety Salary and wellbeing Personal development Education and training	Staff representative's meeting Reasonable suggestions Interview Collective contracts Labor contracts Openness of company affairs	Accident rate in working environment Staff attendance Coverage of collective coverage Remuneration level Resources on staff training Staff turnover rate	<ul style="list-style-type: none"> <li>Datang Power held the 4th Employees' Congress and 2016 Working Conference.</li> <li>The Ninth "Datang Cup" Ping-Pong Competition for employees was held in Shacheng Town, Huailai County, Zhangjiakou City.</li> </ul>

# Fulfillment of Social Responsibilities



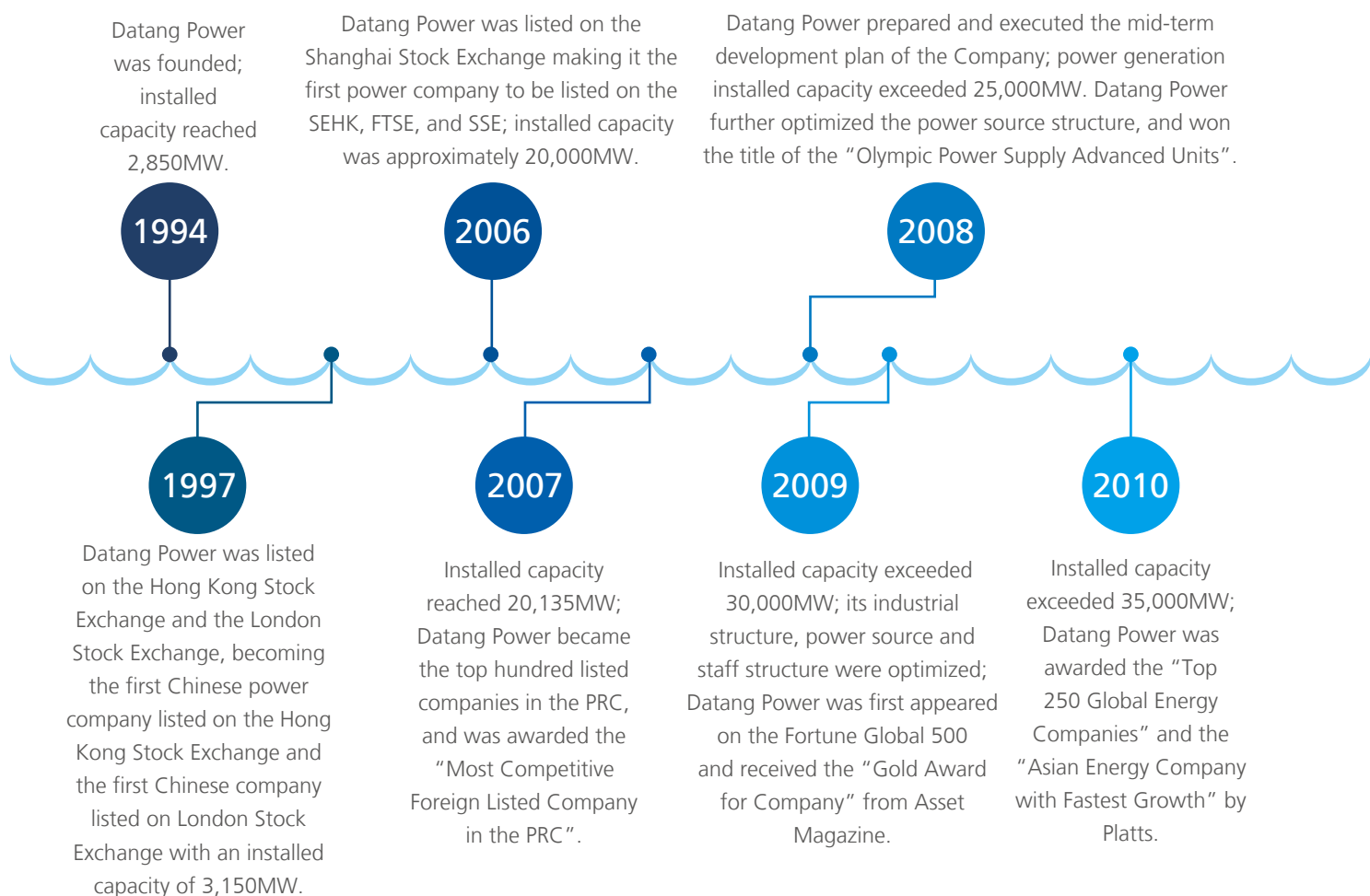
Stakeholders	Concerns	Communication Methods	Performance Indicators	Some Examples
 Social Organization	Experience sharing Providing advantageous resources	Meetings Activities	Frequency and depth of participation in activities Membership fee amount	<ul style="list-style-type: none"> <li>Beijing Gaojing Cogeneration Power Plant, the Zhejiang Shaoxing Cogeneration Company and the Zhejiang Jiangshan Cogeneration Company received an Excellent Prize at in first Gas Turbine Maintenance Thesis Competition. The competition was organized by the China Electric Power Equipment Management Association.</li> <li>Affiliated enterprises of Datang Power participated in revisions to 19 industry standards. The IEEE-P1865 Maintenance and Experiment of Distributed Control System Operation was the first international power plant automation standard complied by Chinese enterprises.</li> </ul>
 Client	Safe and stable supply Electricity price and heat price	Contracts and agreements Power and heat products Relevant technical services	Client satisfaction level Honesty level Contract completion rate Period of cooperation Profit	<ul style="list-style-type: none"> <li>Chongqing Branch signed its first framework agreement on the city-wide purchasing and sale of electricity for the Liangjiang Changxing Power.</li> <li>More than 25% of the electricity from Inner Mongolia Tuoketuo Power Generation was contracted in the first round of bilateral trade in the 2016 Ximeng-Shandong Extra High Voltage Marketization Trade.</li> </ul>
 Partner	Honesty and legal compliance Long-term cooperation	Contracts and agreements Products and services	Honesty level Contract completion rate Period of cooperation Profit	<ul style="list-style-type: none"> <li>Datang Power signed a Strategic Cooperation Memorandum with Datong Coal Mining Co., Ltd.</li> <li>By being true to our corporate mission, we can forge ahead with our plans during the spring months and, with your support, we sincerely invite you to witness our achievements and create an industry leading, world class Datang Power together.</li> </ul>
 Community	Public interest enterprise Safety and environmental protection Public safety Public environment	Collaborative construction Public interest activities Safety and environmental protection publicity	Investments in community building Public interest investment Number of pollution complaints	<ul style="list-style-type: none"> <li>Datang Power organized a visit to the Bayi Military Sports Team of the Chinese People's Liberation Army for employees and launched a Day for the Army and Enterprise themed event.</li> <li>Beijing Gaojing Cogeneration Power Plant organized a Corporate Open Day for employees.</li> </ul>



# Our History

Datang International Power Generation Co., Ltd. was founded in December 1994. The Company is a power generation enterprise and its headquarters are in Beijing. In 1997, Datang Power was listed on the Hong Kong and London stock exchanges. In 2006, the Company was listed on the Shanghai Stock Exchange. With power generation as the core business, our business operations also cover coal, transportation, circular economy, electricity sale and other fields. Over the years, the Company have transformed from a

pure power generation company into an integrated energy company. Over the past two decades, the Company was ingrained in the society, and achieved its own growth while promoting social progress. In 2016, the Company determined its general goal of “maintaining its political characteristics of a central SOE, building an industry-leading, world-class composite energy enterprise”, speeded up the implementation of the 13th Five-Year Plan, smoothly







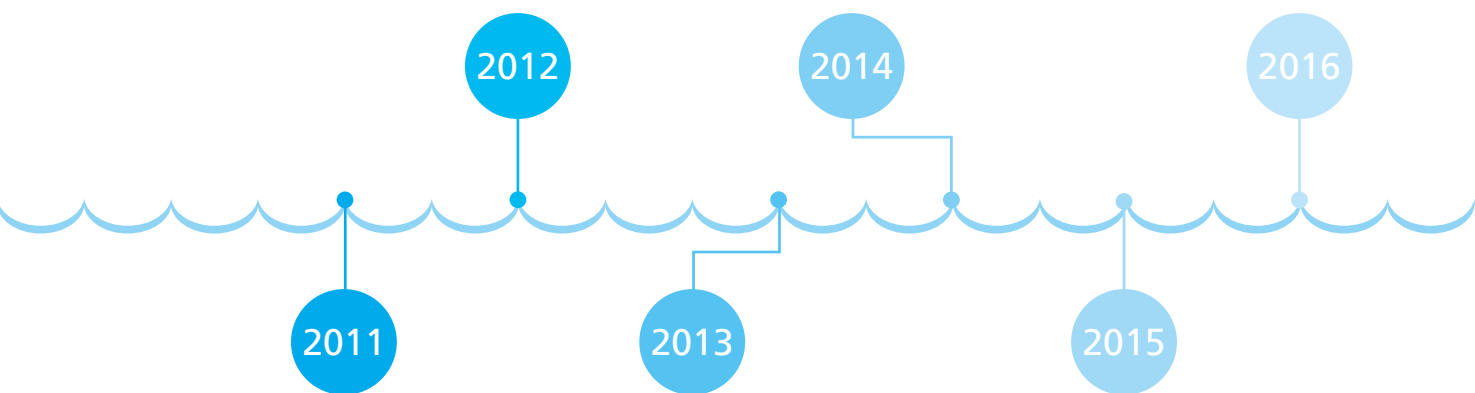
achieved the reorganization of coal-to-chemical industry, and made significant breakthroughs in structural adjustments. We were selected by Platts as the “Top 250 Global Energy Companies” for the tenth consecutive times, were listed on “Top 100 Listed Chinese Companies”, and won the “Gold Award for Best Corporate Governance, Social and Environmental Responsibility and Investor Relations” from “The Asset” Magazine, “Listed Companies

with the Best Investor Relations Management” in the “China Securities Golden Bauhinia Awards”, “Top 100 Credible Listed Chinese Companies” and other awards.

Datang Power was rated as a “Listed Company of the Greatest Investment Value” and as a “Listed Company with Best Investor Relations Management”; installed capacity reached 39,147MW.

Datang Power was included in “Top 250 Global Energy Companies” by Platts for the eighth consecutive year; installed capacity exceeded 40,000MW.

Datang Power accelerated its implementation of the 13th Five-Year Plan and executed structural reforms. The Company was among the “Top 250 Global Energy Companies” by Platts for the tenth straight year and received a “Top 100 Listed Companies in China” prize; installed capacity reached 44,338MW.



Datang Power was awarded the “Titanium Award for Corporate Governance, Social and Environmental Responsibility, and Investor Relations” and received the “Award for Listed Company of the Greatest Investment Value during the 12th Five-Year Plan Period”; installed capacity reached 38,484MW.

Datang Power was recognized as “the Most Socially Responsible Listed Company” and “China’s Top 10 Listed Company in Corporate Governance”; installed capacity reached 39,187MW.

Datang Power was named a “Gold Award Financial Performance, Corporate Governance, Social and Environmental Responsibility and Investor Relations Management” by Asset Magazine; installed capacity reached 42,337MW.





# Human Resources Overview

## 1. Composition of employees (specialty, educational background)

Total number of employees: 22,966. By category: Management: 5,771; professional technicians: 3,700; production personnel: 12,284; other staff: 1,211. By educational background: Doctoral graduate: 21; Postgraduate: 707; Undergraduate: 12,089; College graduate: 6,055; Secondary technical school & vocational school graduate: 2,046; Staff at high school level or below: 2,048.

## 2. Management

In 2016, by focusing on central tasks of the enterprise, the human resources management strengthened the construction of leading bodies and cadres at all levels, optimized the deployment of human resources, raised remuneration and incentives, improved the performance assessment, and solidified staff training, so as to implement the "120-point work standards" to accomplish all tasks for the year in a pragmatic manner by the successful implementation of the large-department structural reform of the Company's headquarters as well as the promotion of the restructuring of energy and chemical companies and integration of regional management.

## 3. Training

The Company vigorously implemented a strategy which focuses on talent development to ensure that the business continues to thrive with the establishment of three teams of talented staff. It employed training as an important tool to improve the overall quality of the employee teams and enhance core competitiveness of the corporate. By taking a number of initiatives such as the comprehensive compilation of training programmes, the conduct of well targeted professional training, and the establishment of an ongoing mechanism of nurturing talents, the constant reinforcement of the training foundation

and the increased commitment to training, the Company effectively pushed forward the development of its vocational training programmes in a comprehensive and vigorous manner, and various types of talents emerged. These initiatives have helped to secure a talent pool for the continuous and healthy development of the Company. In 2016, the Company conducted systematic training for 265,993 person-times, of which 70,600 were in relation to corporate management and professional techniques, 190,213 on production techniques and 5,180 on other training. A total of 1,732 employees of the Company passed professional and technical qualification assessments during the year, of whom 82 received senior titles; 592 received intermediate titles; and 1,058 received junior titles. 14 people obtained senior technician qualification with the total accumulated number of 210 and 73 acquired technician qualifications with the total accumulated number of 1,204 through the Company's system.

## 4. Implementing measures

- (1) The Company successfully implemented the large-department structural reform of the its headquarters by merging the safety and environmental protection department and production department into safety production department to unify the exercise of safety production management functions; establishing a new material management department to centralize the exercise of material management functions; and setting up larger offices instead of setting up office for a single function. After the reform, the corporate organization became more reasonable and functional with clearer interface and division of responsibilities, thus enhancing the management efficiency.



- (2) The Company strengthened the construction of leading body and management teams by selection and designation of cadres according to the number of posts, regulations and procedures. The annual assessment of members of leading body and management teams was at all levels within the company organization conducted on schedule, while the importance of daily assessment was also recognized. Leadership training was conducted through various channels. The Company organized the seventh leadership capability enhancement programme for young cadres, and also continued to carry out multi-level field practice to improve their political quality and management capability. The Company strengthened the daily management of cadres, implemented relevant requirements of declaration of personal matters, and reaffirmed the rules and disciplines of reporting related personal matters.
- (3) The Company strengthened the management of its organization and optimized the three-tier management system. Adhering to the principle of "Following Standards, Formulating Policies Customized for Different Enterprises, Streamlined and Efficient", the Company modified the corporate organization of 18 enterprises at basic level. Also, the Company conducted in-depth study on the management system, business model and corporate organization of regional electricity sales company, and proactively promoted the establishment of regional energy marketing companies in various provinces. Besides, the Company strived to build up the capability of equipment maintenance and overhaul of coal-fired power plants, improved the security for safety production, and comprehensively carried out the establishment of the department responsible for the maintenance for coal-fired power enterprises with new power plants and new policies.
- (4) The Company optimized the deployment of human resources and standardized labor management. The Company recruited college graduates with great capacity to solve issues such as labor arrangement for newly constructed projects, optimization of personnel structure for long-established enterprises, labor supply for enterprises lack of workforce and establishment of the maintenance department. In order to fulfil the needs for production preparation of newly constructed projects and the establishment of maintenance departments in certain coal-fired power enterprises, a recruitment and selection of cadres with production techniques was carried out in timely manner. The Company instructed the enterprises at basic level to regulate the management of dispatched labor in accordance with the Guiding Opinions on Regulating Management of Dispatched Labor.



## Human Resources Overview

- (5) The Company strengthened the performance assessment and remuneration incentives. The performance assessment system was improved by conducting monthly comprehensive performance assessment on the headquarters and its subsidiaries and making rewards or punishments clearly according to positive or negative assessment results, while cancelling the six specialized prizes for its subsidiaries. The enterprise wage standards were formulated by focusing on the benefit factors and taking full account of type of enterprises, personnel structure, working environment and historical situation. The Administrative Measures on the Personal Honours and Awards were established to further standardize the scope and criteria of personal honours and awards to reflect the timeliness of such awards. The standards on labour protection expenses was established with a comprehensive consideration of the characteristics of the industry, business model and other factors. Also, the Administrative Measures on the Labour Dispatch Fees were drafted to standardize labour costs.
- (6) The Company solidified the staff training and improved the quality of staff teams. The training programmes were thoroughly implemented to organize and implement 36 training programmes in over 2,000 person-times. The skills competition programmes were organized for three professions (types of work) of fitter, thermal

control and fuel collection, production and transformation as well as examinations for safety production personnel and financial personnel. Appraisal on vocational skills were proactively promoted, in which 73 employees obtained the qualification of technician for the types of work exclusive for power industry and 14 employees obtained the qualification of senior technician for the types of work exclusive for power industry. The Company soundly conducted employee evaluation, in which 1,732 employees passed the qualification assessment for professional techniques. The further boost for the construction of the training base has an increasingly prominent effect on professional training.

### 5. Achievements and awards

TITLE OF OUTSTANDING INDIVIDUAL		GRANTED BY
Entitlement to special government allowance provided by the State Council	2	The State Council
National Technical Expert	4	Ministry of Human Resources and Social Security
Technical Expert of Central Enterprise	9	State-owned Assets Supervision and Administration Commission
Technical Expert in China's Power Industry	4	China Electricity Council
Technical Expert in China's Nonferrous Metals Industry	4	China Nonferrous Metals Association
Technical Expert of the Corporation	30	China Datang Corporation
Outstanding Technical Contestants of the Corporation	51	China Datang Corporation



## 6. Directors, supervisors and senior management (as at the date of this report)



**Chen Jinhang**

Chairman and Non-executive Director

Mr. Chen, aged 61, is a professor-grade senior engineer with postgraduate qualifications. Mr. Chen is currently Chairman and Party Committee Secretary of CDC. He started to work at First Power Plant in Heze, Shandong, in December 1972, and has successively served as Director and General Manager of Shandong Electric Power Group Corporation, Party Secretary and General Manager of Shanxi Electric Power Corporation, Party Committee Member and Deputy General Manager of State Grid Corporation of China as well as Director, General Manager and Party Committee Member of CDC. He took up the current position since April 2013. Mr. Chen has long been engaged in electricity production and business management, and has extensive knowledge and practical experience in electricity production and business management.

**Wang Xin**

Vice Chairman of the Company, Executive Director, General Manager

Wang Xin, aged 56, is a senior engineer with postgraduate qualifications. Mr. Wang was the deputy head of the Steam Engine Team, head of the Maintenance and Repair Management Division, head of the Biotechnology Division, assistant to the plant manager, deputy plant manager and chief engineer, plant manager and secretary of the party committee of Tianjin First Power Plant. He also served as the head of the Power Generation Department and the Heat Supply Division and deputy chief engineer of Tianjin Electric Power Company and was concurrently the general manager and secretary of the party committee of Sanyuan Power Group Co., Limited. Mr. Wang was the deputy head of the Production Safety Department of CDC, secretary of the party committee and general manager of Datang Heilongjiang Power Generation Co., Ltd., head of the General Manager Office (International Cooperation) and assistant to general manager and head of the Office (Policy and Legal Department and International Cooperation Department) of CDC. Mr. Wang was appointed as the President and deputy Party Committee Secretary of the Company with effect from March 2016, and was appointed as the Vice Chairman of the Company with effect from July 2016. Mr. Wang has long been engaged in the production and operation management of power generation enterprises and possesses extensive experiences in power generation and operation management.





## Human Resources Overview



**Liu Chuandong**  
Non-executive Director

Mr. Liu, aged 54, post-graduate, is a senior accountant. Mr. Liu started to work in July 1981 and has successively served as Deputy Director of the Fund Settlement Management Center of CPI Group, Deputy General Manager of CPI Financial Co., Ltd., Deputy Head of Finance and Asset Management Department of CPI Group, General Manager and Deputy Party Committee Secretary of CPI Financial Co., Ltd., Director of Fund Settlement Management Center of CPI Group, General Manager and Party Committee Secretary of China Datang Finance Company Limited, Party Committee Secretary of CDC Capital Holding Company, as well as Director of the Financial Management Department of China Datang Corporation as well as Party Committee Secretary of CDC Capital Holding Company. He has served as a director of Datang Environment Industry Group Co., Ltd.\* (大唐環境產業集團股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1272) since June 2015. He has served as Chief Accountant and Party Committee Member of CDC since October 2015. Mr. Liu has long been engaged in corporate finance as well as operation and management of power generation enterprises and has extensive experience in finance and management of power generation enterprises.

**Liang Yongpan**  
Non-executive Director

Mr. Liang, aged 51, university graduate, is a senior engineer. Mr. Liang served as the Deputy Division Head and Deputy Plant Head (Production) of the Production Division of Lanzhou No. 2 Thermal Power Factory, General Manager of Lanzhou Xigu Thermal Power Co. Ltd., Member of Party Committee, Deputy General Manager and Chairman of the Labour Union of Gansu branch of CDC and Datang Gansu Power Generation Co., Ltd., Deputy Head of Planning, Investment and Financing Department of CDC, as well as the Secretary of Party Committee and General Manager of Datang Gansu Power Generation Co., Ltd., the Head of Planning and Marketing Department of CDC. He has served as a director of Datang Environment Industry Group Co., Ltd.\* (大唐環境產業集團股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1272) since April 2016. He has served as a director of China Datang Corporation Renewable Power Co., Limited\* (中國大唐集團新能源股份有限公司) (1798.HK) since June 2016. Mr. Liang has long been involved in the production, operation and management work of power generation enterprises. Mr. Liang has extensive experience in production, operation and management of power generation companies.





**Ying Xuejun**

Executive Director, Deputy General Manager, Joint Company Secretary

Mr. Ying, aged 50, a senior engineer with a bachelor's degree. He currently serves as the Deputy General Manager of the Company, Secretary to the Board and the Joint Company Secretary. Mr. Ying was the Deputy Director of the Production Department of Tangshan Power Plant; the Deputy Director of the Production Technology Department, the Deputy Manager of the Facilities Department, the Manager of the Facilities Department, the Deputy Chief Engineer cum the Manager of the Facilities Department and the Deputy General Manager of Dou He Power Plant; the Deputy General Manager and the General Manager of Inner Mongolia Datang International Tuoketuo Power Generation Company Limited; and the Deputy General Manager of Inner Mongolia Branch Company of Datang. In December 2008, he was re-designated as the Chief of the Integrated Planning Department, the Deputy Chief Economist cum the Chief of the Integrated Planning Department and Chief Economist of the headquarter of the Company. Since December 2015, he has been appointed as the Secretary to the Board of the Company. Since January 2017, he has been appointed as the Party Committee Member and Deputy General Manager of the Company. Mr. Ying has worked for long in production, operation and management of power generation companies, and has extensive experience in production, operation and management.

**Zhu Shaowen**

Non-executive Director

Mr. Zhu, aged 52, a master's degree holder and a senior engineer with postgraduate qualifications. He currently serves as the Manager of Electric Power Department of Tianjin Energy Investment Group Limited. Mr. Zhu previously worked as an Engineer and the Deputy Head of Specialty Department at Tianjin Electric Power Science Research Institute, Head of Planning and Design Department of State Grid Tianjin Electric Power Company, Deputy Head of Project Department, Vice-manager (Person-in-Charge) and Manager of Power Development Department and manager of Project Development Department of Tianjin Jinneng Investment Company, General Manager (concurrent) of Tianjin Jinneng Wind Power Co., Ltd. Since December 2013, Mr. Zhu has been the Manager of Electric Power Department of Tianjin Energy Investment Group Limited. Mr. Zhu has long been engaged in management of production operation and administrative roles in power generation enterprises, and has extensive experience in the operation and management of power generation enterprises.





## Human Resources Overview



**Cao Xin**  
Non-executive Director

Mr. Cao, aged 45, is a doctoral candidate specialized in national economics from Renmin University of China, and a principal senior economist. Mr. Cao started to work at Hebei Construction Investment Company in July 1992, and has successively served as project manager and assistant to manager of the industrial branch office of Hebei Construction Investment Company, Assistant to Manager and deputy manager of the asset management branch company of Hebei Construction Investment Company, manager of public utilities second department of Hebei Construction Investment Company cum General Manager of Hebei Construction Investment New Energy Co., Ltd., Assistant to General Manager of Hebei Construction Investment Company cum Secretary of Party Committee and general manager of Hebei Construction Investment New Energy Co., Ltd., a standing member of the Party Committee of Hebei Construction Investment Company and Secretary of Party Committee and President of China Suntien Green Energy Corporation Ltd., Secretary of Party Committee and General Manager of Hebei Construction Investment New Energy Co., Ltd., member of the standing committee of Party Committee of Hebei Construction & Investment Group Co., Ltd. and the Chairman of China Suntien Green Energy Corporation Ltd., member of the standing committee of Party Committee and Deputy General Manager of Hebei Construction & Investment Group Co., Ltd. and the Chairman of China Suntien Green Energy Corporation Ltd.. He has been serving as member of the standing committee of Party Committee and Deputy General Manager of Hebei Construction & Investment Group Co., Ltd. cum a director and general manager of Yanshan Development (Yanshan International Investment) Company Limited and the Chairman of China Suntien Green Energy Corporation Ltd. since September 2016. Mr. Cao has long been engaged in the management of energy projects and has extensive knowledge and practical experience in energy production and business management.

**Zhao Xianguo**  
Non-executive Director

Mr Zhao, aged 48, is a senior engineer with a postgraduate degree. Mr. Zhao started his career in the electric branch of Xingtai Power Generation Plant in 1990. He has been the engineer head of the office of the electric repair branch of Xingtai Power Generation Plant, an assistant to the head of the electric repair branch and assistant to the head, deputy head and head of the operation and planning department of Hebei Xingtai Power Generation Company Limited; the deputy chief economist and the head of the operation and planning department of Hebei Xingtai Power Generation Company Limited; the deputy general manager of Hebei Construction & Investment Xuanhua Thermal Power Company Limited. He has been acting as the deputy general manager of the appraisal and evaluation department of Hebei Construction & Investment Group Co., Ltd. since December 2013. Mr. Zhao has long been engaged in the production and management of power generation enterprises and has extensive knowledge and practical experience in production, operation and business management.







**Liu Haixia**  
Non-executive Director

Mr. Liu, aged 55, is a senior engineer with a postgraduate degree. He currently serves as the Vice President of Beijing Energy Investment Holding Company Limited. Mr. Liu joined Beijing Electric Power Company in 1983. He has been Assistant to President of Beijing International Power Development and Investment Company in 1998. He has been Assistant to President of Beijing Energy Investment (Group) Company Limited since 2004. He has been Vice President of Beijing Energy Investment (Group) Company Limited since May 2009. He served as Vice President of Beijing Energy Investment Holding Company Limited since December 2014. With his long-standing involvement in production management and investment management of power companies, Mr. Liu has acquired extensive knowledge and practical experience in production and business management of power companies, investment and financing.

**Guan Tiangang**  
Non-executive Director

Ms. Guan, aged 49, is a senior engineer with a master degree. She currently serves as the Chief Engineer of Beijing Energy Investment (Group) Company Limited. Ms. Guan started her career in Beijing Shijingshan Thermal Power Plant in 1990. She then became the Deputy Manager of the Power Investment and Management Department of Beijing International Power Development and Investment Company and Manager of the Power Generation and Operation Department of Beijing International Power Development and Investment Company. She became the Manager of the Power Generation and Operation Department of Beijing Energy Investment (Group) Company in December 2004. In January 2007, she became the Vice President and the Secretary to the Board of Directors of Beijing Jingneng International Energy Company Limited. She was the Chief Engineer of Beijing Energy Investment (Group) Company Limited in May 2009. She has served as the Chief Engineer of Beijing Energy Investment (Group) Company Limited since December 2014. Ms. Guan has long been engaged in the work of power investment operation management, and has extensive knowledge and practical experience in management of power investment and finance and management of electricity safety production.





## Human Resources Overview



**Liu Jizhen**  
Independent Non-executive Director

Mr. Liu, aged 65, is a member of the Communist Party of China, a professor, a tutor of doctoral students and an academician of the Chinese Academy of Engineering. Mr. Liu has served as the head of the Faculty of Power of North China Power College since July 1990; has served as the vice dean of the North China Power College, the vice principal of the North China Electric Power University and the principal of Baoding Campus since August 1993; has served as the principal of the School of Water Resources and Hydropower Engineering, Wuhan University since June 1998; and served as the principal of the North China Electric Power University from January 2001 to November 2016. He currently serves as the head of the State Key Laboratory of Alternate Electrical Power System with Renewable Energy Sources, the chief scientist of the "973 Programme". He concurrently serves as the vice president of the China Electricity Council, the vice president of Chinese Society for Electrical Engineering, the vice president of Chinese Society of Power Engineering and a Fellow of the Institution of Engineering and Technology (FIET). Mr. Liu has long been engaged in researches in fields including thermal power generation control and development and utilisation of power from new energy sources, as well as technology development, engineering application and talent cultivation, and has obtained innovative and systemic research results. He has extensive experience in power technology innovation and application, corporate management and other aspects.

**Feng Genfu**  
Independent Non-executive Director

Mr. Feng, aged 59, a professor and a doctoral supervisor who holds a doctorate degree in Economics. Mr. Feng served as the director and chief editor of the Journal Editorial Department, and the dean, professor and doctoral supervisor of Business School of Shaanxi University of Finance and Economics. He served as the dean, doctoral supervisor and professor of the School of Finance and Economics of Xi'an Jiaotong University from May 2000 to January 2016. Dr. Feng has long been involved in education and administration management of Economics and Finance. He has extensive experience in Economics and Finance. Dr. Feng served as an independent director of AVIC Aircraft Co., Ltd. (stock code: 000768), China Non-ferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. (stock code: 000758), Shaanxi Broadcast & TV Network Intermediary Co., Ltd. (stock code: 600831), Shaanxi Aerospace Power Hi-Tech. Co., Ltd. (stock code: 600343) and Shaanxi Fenghuo Electronics Co., Ltd (stock code: 000561), Executive Vice President of China Industry Economic Research Institute and the Vice President of Chinese Institute of Business Administration. He currently serves as a professor and a doctoral supervisor of the School of Finance and Economics of Xi'an Jiaotong University, and an independent director of Bode Energy Equipment Co., Ltd. (stock code: 300023), Hubei Biocause Pharmaceutical Co., Ltd. (stock code: 000627), Changchai Co., Ltd. (stock code: 000570) and CSC Financial Co., Ltd. (HK: 06066).





**Luo Zhongwei**  
Independent Non-executive Director

Mr. Luo, aged 61, a Doctor of Economics. Mr. Luo is currently a researcher of the Institute of Industrial Economics of Chinese Academy of Social Sciences, a professor and doctoral supervisor of the Graduate School of Chinese Academy of Social Sciences and the chief analyst of the Innovation Engineering Project of Chinese Academy of Social Sciences. He is also the director of Small and Medium-sized Enterprises Research Centre under Chinese Academy of Social Sciences, a legislative consultant to the Law on Promotion of Small and Medium-sized Enterprises for the National People's Congress, a member of the Investment Advisory Committee of the Investment Association of China, a member of the Management Modernisation Working Committee of China Enterprise Confederation, a scholar and tutor of the "Light of the West" Scheme under the Organisation Department of the Communist Party of China, as well as the Head of MBA Case Research Center of Graduate School of the Chinese Academy of Social Sciences. Mr. Luo served as an independent director of Zhejiang China Commodities City Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600415) and Sichuan Langsha Holding Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600137). Mr. Luo has long term engagement in research on industry and corporate strategies, corporate management, promotion and policy of small and medium-sized enterprises, development and reform of state-owned enterprises. He has extensive experience in strategic planning for corporate development and corporate management.

**Liu Huangsong**  
Independent Non-executive Director

Mr. Liu, aged 48, a Master of Science and a Doctor of Economics from Fudan University. Mr. Liu is currently the chief economist of Hengdeli Holdings Limited, the deputy director of the Center for Securities Studies of Fudan University (part-time), Vice President of Shanghai Finance Society, as well as the independent director of Shanghai Xinhua Media Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600825) and Shanghai Zijiang Enterprise Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600210). Mr. Liu served as deputy section chief and officer of Shanghai Municipal Bureau of Statistics and director of the Bureau's Statistics and Industry Development Center, the general manager of the investment planning department, the general manager of the development and research department and a supervisor of China Worldbest Group, the deputy general manager of a listed company under the group and the assistant to the group president, the director, researching professor and doctoral supervisor of Research Centre for Economic Prosperity of Shanghai Academy of Social Sciences, as well as the independent director of Hengdeli Holdings Limited, Shanghai Prime Machinery Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02345), Jingwei Textile Machinery Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 00350), Changan Fund Management Co., Ltd. and Changan International Trust Co., Ltd. Mr. Liu has long term engagement in research in economics and has extensive experience in economic operation and corporate management.





## Human Resources Overview



**Jiang Fuxiu**  
Independent Non-executive Director

Mr. Jiang, aged 47, a Doctor of Economics and a Postdoctoral Scholar in Management (Accounting). Mr. Jiang is currently the professor and doctoral supervisor of the Finance Department of the School of Business of Renmin University of China. Mr. Jiang is currently the independent director of three listed companies on the Shenzhen Stock Exchange, namely Yantai Longyuan Power Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300105), Beijing UTour International Travel Service Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002707) and Shandong Qixing Iron Tower Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002359). Mr. Jiang has long term engagement in research in economics and has extensive experience in corporate governance and financial management.

**Yu Meiping**  
Chairman of the Supervisory Committee

Ms. Yu, aged 54, with a bachelor degree, is a senior economist as well as a senior political officer. She is currently a Party Committee Member and Leader of the discipline inspection team of the Company. Ms. Yu has served as a cadre in the economic research centre of Xi'an Municipal Government, the Principal Staff Member of the first supervision bureau of the State's Ministry of Supervision, the Deputy Director of the fourth unit of the first discipline and inspection office and the Director of the corporate guidance division of the first discipline, inspection and supervision office of the Central Commission for Discipline Inspection, the Deputy Chief of the corporate supervision bureau of the CDC and Deputy Director (Person-in-Charge) of the department of corporate supervision (office of discipline and inspection division of the Party Committee) of CDC. Ms. Yu has long been engaged in roles in relation to discipline, inspection and supervision, and has extensive experience in discipline, inspection, supervision and corporate supervision and management.



**Zhang Xiaoxu**  
Vice Chairman of the Supervisory Committee

Mr. Zhang, aged 53, is a senior accountant with a bachelor degree. He currently serves as the Manager of the settlement center of Tianjin Energy Investment Group Co., Ltd. Mr. Zhang commenced career in Liaoning Fushun First Construction Company in 1982. He served as Accountant in Liaoning Fushun First Construction Company, Accountant and Chief Accountant of Liaoning Power Plant; and Deputy Head and Head of Finance Department, Deputy Chief Accountant, Chief Accountant of Liaoning Nenggang Power Generation Co., Ltd., and Vice Manager and Manager of Financial Department of Tianjin Jinneng Investment Company. He became the Manager of the settlement center of Tianjin Energy Investment Group Co., Ltd. since December 2013. Mr. Zhang has long been engaged in financial management and has extensive practical working experience.



### Liu Quancheng

Member of the Supervisory Committee

Mr. Liu, aged 53, is a senior accountant with university education. He currently serves as the head of financial management department of China Datang Corporation. Mr. Liu commenced his career in Xinxiang Coal-fired Plant in August 1983. He served as the chief accountant of Xinxiang Coal-fired Plant; the chief accountant of Luoyang Shouyangshan Electricity Plant; the head of the supervisory audit department, the deputy chief accountant and the head of financial and asset management department and the chief accountant of Henan Branch of CDC; the deputy head of financial management department of CDC; party committee member and the chief accountant of the Company. He has served as the current position since January 2016. He served as a director of Datang Huayin Electric Power Co., Ltd. (stock code: 600744) since June 2016. Mr. Liu has long been engaged in financial management in power generation enterprises and he possesses ample experience in financial management.



### Guo Hong

Member of the Supervisory Committee

Ms. Guo, aged 48, with a post-graduate master degree, is a senior economist. She currently serves as a director of the human resources department of the Company. Ms. Guo Hong has served as Deputy Manager of the development department, Deputy Officer and then officer of the human resources department, Deputy Chief economist of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. and concurrently as the Manager of the Import and Export Company of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. She acted as the department head of the senior management personnel management office of the human resources department of CDC, and has been an officer of the human resources department of the Company since March 2014. Ms. Guo Hong is familiar with the development and management of human resources in power generation companies and has extensive experience in human resources management in power generation companies.



### Hong Shaobin

Deputy General Manager

Mr. Hong, aged 50, a postgraduate, and a senior engineer. He currently serves as a Party Committee Member and Deputy General Manager of the Company. Mr. Hong worked as Deputy Director and Director of Marketing Division at Generation and Transmission Operation Department of State Electric Power Corporation, Deputy Director of Marketing Bureau of the CDC, Deputy General Manager, Deputy Party Secretary (Person-in-Charge) and General Manager of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. He has served as the current positions since October 2015. Mr. Hong has long been engaged in roles in relation to electricity production, and business management of power enterprises, and has extensive experience in electricity production, and business management of power enterprises.





## Human Resources Overview



**Meng Fankui**  
Deputy General Manager

Mr. Meng, aged 53, a senior engineer who holds a post-graduate degree. He currently serves as a Party Committee Member and Deputy General Manager of the Company. Mr. Meng served as the Deputy Chief of Zhangjiakou Power Plant, Chief of Xia Hua Yuan Power Plant, Chief of Zhangjiakou Power Plant, General Manager and Deputy Party Secretary of Inner Mongolia Branch Company of Datang and General Manager of Tuoketuo Power Generation Company. He served as the Deputy Party Secretary (responsible for leading the work of party group) and Deputy General Manager of Datang Hebei Power Generation Co., Ltd. He has served as the current positions since June 2014. Mr. Meng has long been involved in production, operation, management and administrative work of power generation enterprises. He has extensive experience in production, operation and management of power generation companies.

**Duan Zhangmin**  
Deputy General Manager

Mr. Duan, aged 57, is a senior engineer with university education. Mr. Duan served as the deputy manager of Hydropower Maintenance and Overhaul Company under Electric Power Industry Bureau in Gansu Province, the deputy manager and the manager of Gansu Electric Power Construction and Installation Engineering Company, the deputy general manager of Liujiaxia Hydropower Plant, general manager of Bikou Hydropower Plant, the chief engineer of Gansu Branch Company of CDC (Datang Gansu Power Generation Co., Ltd.), the general manager of Datang Yantan Hydropower Plant, the vice secretary of the party committee and the deputy general manager (in charge) of Sichuan Branch Company of China Datang Corporation, the secretary of the party committee and the general manager of Sichuan Branch Company of China Datang Corporation. He has served as the general manager and the vice secretary of the party committee of China Datang Overseas Investment Co., Ltd. since August 2011. He was served as a Party Committee Member and Deputy General Manager of the Company since January 2017. Mr. Duan has long been engaged in the production and operation management of power enterprises with extensive experience in the production and operation management of power enterprises.



**Mok Chung Kwan Stephen**  
Joint Company Secretary



Mr. Mok Chung Kwan Stephen, aged 52, is a solicitor as defined in the Legal Practitioners Ordinance and currently a partner of Eversheds. Mr Mok graduated from the University of New South Wales in Australia with Bachelor of Commerce (Accounting) and Bachelor of Laws degrees. Mr. Mok possesses qualifications as a practicing solicitor in England and Wales, New South Wales of Australia, and Hong Kong. Mr. Mok has extensive experience in general business practices and corporate financial transactions, such as assisting corporations on listing their shares on the Stock Exchange, mergers and acquisitions, corporate restructuring, organising joint ventures, and compliance with the Listing Rules and securities-related laws of Hong Kong. Mr. Mok was the joint company secretary of the Company for the period from 30 June 2007 to 22 March 2011 and has been the legal adviser of the Company since the listing of the Company on the main board of the Stock Exchange in 1997. Mr. Mok was appointed as the joint company secretary of the Company on 22 December 2015.



### 7. Resigned directors, supervisors and senior management

- (1) Due to work adjustment of certain Directors, as considered and approved by general meeting of the Company, Wu Jing, Hu Shengmu, Cai Shuwen, Yang Wenchun and Jiang Guohua resigned respectively in 2016 and before the date of this report.
- (2) Due to work adjustment of certain supervisors, as considered and approved by general meeting of the Company, Mr. Liu Chuandong resigned in 2016.
- (3) Due to work adjustment, as considered and approved by general meeting of the Company, Mr. Wu Jing, the General Manager of the Company, as well as Mr. Wang Guoping, Mr. Jian Yingjun, Mr. Fu Guoqiang and Mr. Fu Dong, the Vice Presidents of the Company, resigned respectively in 2016 and before the date of this report.
- (4) Due to work adjustment, Mr. Liu Quancheng, the chief financial officer of the Company, resigned in 2016 and before the date of this report.
- (5) Biographies of the Directors, supervisors and senior management who resigned in 2016 and before the date of this report, are as follows:

Wu Jing: Aged 60, is a professor-grade senior engineer who holds a post-graduate degree. He had been the Vice Chairman of the Board and General Manager of the Company. Mr. Wu ceased to be the General Manager of the Company since 21 March 2016 due to work adjustment. Mr. Wu has long been involved in power generation and economic management, has extensive experience in management of power generation, and enjoys special government allowances by state council.

Liu Quancheng: Aged 53, a senior accountant with university education. He has been the chief financial officer of the Company. Mr. Liu ceased to be the chief financial officer of the Company since 5 January 2016 due to work adjustment. Mr. Liu has long been involved in the financial management work of power generation enterprises, and has extensive experience in financial management.

Yang Wenchun: Aged 51, a senior engineer who holds a master's degree. He has been the Non-executive Director of the Company. Mr. Yang ceased to be the Non-executive Director of the Company since 26 February 2016 due to work adjustment. Mr. Yang has long been involved in production, operation, management and administrative work of power generation enterprises. He has extensive experience in production operation and management of power generation companies.



## Human Resources Overview

Cai Shuwen: Aged 54, a senior engineer and a doctoral candidate specialized in global economics from Nankai University. He has been the Non-executive Director of the Company. Mr. Cai ceased to be the Non-executive Director of the Company with effect from 1 July 2016 due to work adjustment. Mr. Cai has long been engaged in electricity production, technology and business management, and has extensive knowledge and practical experience in electricity production and business management.

Hu Shengmu: Aged 56, a senior accountant with university education. He has been the Non-executive Director of the Company. Mr. Hu ceased to be the Independent Director of the Company with effect from 1 July 2016 due to work adjustment. Mr. Hu has long been involved in financial management of power system. He is knowledgeable in financial management and has extensive experience in financial practices.

Jiang Guohua: Aged 45, graduated from University of California, Berkeley with a doctorate degree in accountancy. He has been the Independent Director of the Company. Mr. Jiang ceased to be the Independent Director of the Company with effect from 1 July 2016 due to work adjustment. Mr. Jiang has long engaged in theoretical and practice researches in the field of accountancy, and analysis of issues regarding investor protection, corporate governance and the regulation of the stock market.

Liu Chuandong: Aged 54, a senior accountant who holds a post-graduate degree. He has been the supervisor of the Supervisory Committee of the Company. Mr. Liu ceased to be the supervisor of the Supervisory Committee of the Company with effect from 1 July 2016 due to work adjustment. Mr. Liu has long been engaged in corporate finance as well as operation and management of power generation enterprises and has extensive experience in finance and management of power generation enterprises.

Wang Guoping: Aged 60, a senior accountant who holds a post-graduate degree. He has been the Party Secretary and Deputy General Manager of the Company. Mr. Wang ceased to be the Party Secretary and Deputy General Manager of the Company since 20 December 2016 due to work adjustment. Mr. Wang has long been engaged in the financial management and auditing for power companies, and has extensive experience in financial management and auditing.

Jian Yingjun: Aged 53, a senior engineer with university education. He has been a member of the Party Committee and Deputy General Manager of the Company. Mr. Jian ceased to be a member of the Party Committee and Deputy General Manager of the Company since 20 December 2016 due to work adjustment. Mr. Jian has long been involved in the production, operation and management work of power generation enterprises, and has extensive experience in production, operation and management.





Fu Guoqiang: Aged 53, a senior accountant with university education. He has been a member of the Party Committee and Deputy General Manager of the Company. Mr. Fu ceased to be a member of the Party Committee and Deputy General Manager of the Company since 14 June 2016 due to work adjustment. Mr. Fu has long been engaged in finance management in power generation enterprises and has extensive practical experience in operation and management.

Fu Dong: Aged 49, a senior engineer with university education. He has been a member of the Party Committee and Vice President of the Company. Mr. Fu ceased to be a member of the Party Committee and Vice President of the Company since 14 June 2016 due to work adjustment. Mr. Fu is knowledgeable in production and operation management of power generation enterprises. He also has extensive experience in corporate production management.

The resignations of the abovementioned Directors, supervisors and senior management were all complied with relevant procedures and regulations of the Stock Exchange.



## Management of Investor Relations

The philosophy of Datang Power's investor relations practice hinges on integrity as the basis and communication as the means. In order to maintain smooth communication with investors, a special office has been set up and specialised personnel have been assigned to be responsible for the management of investor relations work, and various channels have been set up to enable investors to establish contact with the Company. During 2016, the Company conducted active and sincere communication with investors and analysts by

various channels including results presentations, domestic and overseas roadshows, investor forums, company visits and telephone conferences as well as through answering enquiry phone calls and replying to emails, of which, the Company met 435 analysts and fund managers through results presentations, domestic and overseas roadshows, 148 analysts and fund managers at investor forums, and 236 analysts and fund managers through company visits and telephone conferences.

### Major investor relations activities conducted in 2016

Time	Information on investor relations activities	Speaker at the conference	Number of one-to-one or one-to-many meetings	Number of people met
January	Deutsche Bank Access China Conference	No	6	23
	15th UBS Greater China Conference	No	7	25
March	Annual Results Presentation	Yes	–	147
	Annual Results Domestic Roadshow	No	4	17
	Annual Results Hong Kong Roadshow	No	8	21
April	Company's First Quarter Results Telephone Conference	No	–	74
May	Macquarie Information Session for A Share Listed Companies	No	7	21
	CLSA China Investment Forum	No	12	28
	HSBC China Investment Forum	No	7	18
June	JP Morgan China Investors Forum	No	11	33
August	Company's Interim Results Domestic Presentation	Yes	–	23
	Company's Interim Results Overseas Presentation	Yes	–	80
	Company's Interim Results Roadshow in Hong Kong	No	6	10
September	Nomura China Investors Forum	No	11	23
October	Third Quarter Report Telephone Conference	Yes	–	63



1. What is the Company's view on the trend of nationwide power supply and demand in 2017?

(I) The growth rate of electricity consumption of the entire society was lower than that of 2016

Taking into consideration of factors such as the macroeconomic situation, the development trend of service industry and residential electricity consumption, alternative electricity, adjustment to the policies of real estate and automobile industry and high temperature in summer of 2016 and considering the temperature throughout the year, it is estimated that the electricity consumption of the entire society throughout the country in 2017 will increase by approximately 3% as compared with the same period last year. If there is extreme weather in summer or winter, it may lead to a fluctuation of approximately one percentage point of electricity consumption in the entire society. In addition, the effective adjustment to steady growth policy measures at all level of government may lead to a fluctuation of approximately 0.5 percentage point of the electricity consumption in the entire society.

(II) The newly installed capacity continues to slightly exceed 100 million kW, and the proportion of non-petrochemical energy further increases

It is estimated that the newly installed generating capacity of infrastructure throughout the country for the whole year will be approximately 110 million kW, of which, non-petrochemical energy will be approximately 60 million kW. It is estimated that as at the year end of 2017, the installed generating capacity throughout the country will reach 1.75 billion kW, of which, non-petrochemical energy will be approximately 660 million kW, and the proportion of the total installed capacity will increase to approximately 38%.

(III) The electricity supply throughout the country is expected to be abundant, the utilization hours of coal-fired power generation equipment further decreases

It is estimated that the electricity supply throughout the country for the whole year is overall abundant, of which, the overall electricity supply in Northern power grid region will be balanced, the electricity supply in Eastern, Central and Southern power grid regions will be generally ease, and the over-supply of electricity will be severer in Northeast and Northwest power grid regions. The utilisation hours of power generation equipment throughout the country for the whole year are estimated to be approximately 3,600 hours. Among which, the utilisation hours of coal-fired power generation equipment will decrease to approximately 4,000 hours.



### 2. What are the Company's utilisation hours in each type of energy on full operational basis in 2016?

Type/Item of Energy	Utilisation hours	Over the corresponding period last year
Full operational basis	4,000	-240
Coal-fired	4,172	-310
Including: coal-fired generator	4,257	-363
combustion engine	3,235	229
Hydropower	3,719	124
Wind power	2,072	197
Photovoltaic	1,654	-64

### 3. What progress did the Company make in obtaining approval for its projects in 2016?

For the year of 2016, the Company has obtained official approvals for projects with a total capacity of 1,579MW, including photovoltaic projects with a total capacity of 750MW, hydropower projects with a total capacity of 210MW and wind power projects with a total capacity of 619MW. Details were as follows:

Photovoltaic projects: Datang International Inner Mongolia Zhengxiangbaiqi 50MW photovoltaic power generation project, Jiangxi Datang International Jishan 50MW photovoltaic power generation project, Datang International Yunnan Binchuan 40MW photovoltaic power generation project (Phase III), Datang International Yunnan Binchuan 50MW photovoltaic power generation project (Phase IV), Datang International Inner Mongolia Otag Front Banner 500MW photovoltaic power generation project, Liaoning Datang International Wafangdian 20MW photovoltaic power generation project, Qinghai Datang International Golmud 10MW photovoltaic power generation project (Phase IV), Qinghai Datang International Golmud 10MW photovoltaic power generation project (Phase V) and Liaoning Datang International Fumeng Liangbei 20MW photovoltaic power generation project.

Hydropower projects: 60MW capacity expansion project of Lixianjiang Gelantan Hydropower Station (Phase I) and 150MW hydropower project of Lixianjiang Gelantan Hydropower Station (Phase II).

Wind power projects: Datang International Jiangxi Xiushui Taiyangshan 64MW wind power project, Datang Intentional Qinghai Mangya 50MW wind power project, Jiangxi Datang International Ruichang Wugongshan 110MW wind power project, Jiangxi Datang International Xingguo Yunfengzhang 60MW wind power project, Hebei Datang International Shangyi Bulongwan 100MW wind power project, Liaoning Datang International Fuxin Julike 50MW wind power project and Fujian Datang International Pingtan 185MW offshore wind power project.



The Company was incorporated in December 1994. Its H shares were listed in both Hong Kong and London in March 1997, while its A shares were listed on the Shanghai Stock Exchange in December 2006. Since its incorporation, the Company has established a standardised and sound corporate governance structure under the “Company Law”, “Securities Law” and the “Articles of Association” of the Company. General meeting is the highest authority of the Company; the Board is the business decision-making body of the Company; and the Supervisory Committee is the supervisory body of the Company. The Board and the Supervisory Committee are accountable to general meetings and execute the resolutions made at general meetings. The management is specifically responsible for conducting day-to-day production and business activities of the Company, and implementing the decision schemes of the Board. Over the years, the general meetings, the Board, the Supervisory Committee and the management have been operating according to the laws and protecting the interests of shareholders, having received high recognition from the capital market.

## Abide by the code on corporate governance practices

In 2016, the actual situation of corporate governance of the Company did not deviate substantially from the rules and requirements under the China Securities Regulatory Commission (the “CSRC”) and relevant regulatory authorities. None of the Company, the Board or the directors of the Company was subject to the inspection, administrative punishment or criticism by means of circular by the CSRC, or punishment by other regulatory authorities and condemnation from stock exchanges.

The Company has adopted and has been in full compliance with all the code provisions under the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) for the period from 1 January 2016 to 31 December 2016, with the exception of the following:

During the Year, the legal action which the directors may face is covered in the internal risk management and control of the Company. As the Company considers that no additional risk exists, insurance arrangements for directors have not been made as required under code provision A.1.8 of the Code.

During the Year, the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee as well as the Strategic Development and Risk Control Committee set up by the Company carried out their work in accordance with their respective terms of reference. Their terms of reference have covered the responsibilities to be performed as required by the code provisions A.5.2, B.1.2 and C.3.3 of the Code. The only discrepancies existed were the expressions or sequence between such terms of reference and the afore-said code provisions.

The Company places great importance on fulfilling its corporate responsibilities. The directors and the staff of the Company are fully dedicated to discharging their duties in ways to ensure that the Company is operating in compliance with the principle of maintaining fairness and impartiality as well as safeguarding the interests of all shareholders.



## Corporate Governance Report

### Corporate governance organization and its operation

#### 1. Shareholders and General Meeting

Over the years, apart from committing itself to the operation and expansion of its businesses in order to attain appropriate returns for shareholders, the Company also provides details on the Company's operations management and relevant information to shareholders in a timely and accurate manner through a variety of channels and methods, including: convening and holding general meetings in strict compliance with the Articles of Association, the Listing Rules and relevant regulations stipulated by the Securities and Futures Commission (the "SFC"), and timely announcing relevant information to shareholders on an irregular basis according to the requirements of the Listing Rules.

During the year, the Company held a total of five general meetings, considering and approving 21 ordinary resolutions and two special resolutions, and a professional lawyer was invited to each general meeting as a witness to ensure all shareholders were treated equally and exercised their rights adequately. The matters considered at the general meetings of the Company in 2016 mainly included 2015 work reports of the Board (Supervisory Committee) of the Company, final accounts, change of Directors (Supervisors), finance guarantees, major connected transactions, reorganization and transfer of assets, issuance of new shares, profit distribution, amendment to the Articles of Association and accounting adjustment. As of the year end of 2016, the implementation of the resolutions in the general meetings are as follows:

1. Provision of guarantees to certain subsidiaries controlled or invested by the Company based on its actual needs for the construction of projects. The guarantees amounted to RMB2.7 billion, and RMB2.32 billion were completed;

2. Completion of ordinary connected transactions involving provision of entrusted loans, purchase and sales of coal-to-chemical products, purchase of coal, material bidding and financial cooperation based on the connected transactions approved by the general meetings;
3. Completion of election of the Board and Supervisory Committee of the Company and engagement of independent Directors;
4. Completion of provision of impairment based on the approved amount;
5. Completion of the distribution of Shareholders' cash dividends of RMB0.17/share (tax inclusive) for the year 2015 on 23 August 2016;
6. Appointment of Ruihua Certified Public Accountants (Special General Partnership) and RSM Hong Kong as certified public accountants for carrying out the domestic and overseas auditing work for the year 2016;
7. Entering into the Transfer Agreement in Relation to Coal-to-chemical and the Related Project by the Company and Zhongxin Energy and Chemical Technology Company Limited;
8. Completion of the amendments to the contents in relation to the dividend policy under the Articles of Association.

For details about the resolutions passed at general meetings for the year 2016, please refer to the announcements on such resolutions published by the Company on the Hong Kong Stock Exchange's website.



CDC, the controlling shareholder of the Company, adhering to the principle of not competing with the Company directly or indirectly, has made relevant undertakings at the initial public issue of A shares by the Company in 2006 and in October 2010, respectively, so as to address the issue of business competition. CDC has provided supplementation and improvement to the abovementioned undertakings in June 2014, May 2015 and September 2015 respectively. As at 31 December 2016, CDC has strictly and actively complied with the relevant undertakings. For details, please refer to the announcements of the Company dated 27 June 2014, 1 June 2015 and 13 October 2015.

For the year 2016, the Company placed particular emphasis on shareholders' relations, maintaining communication with shareholders through various channels to facilitate mutual understanding between the Company and its shareholders. In particular, the Company has established a division and assigned designated staff to receive visitors, making its contact numbers publicly available and to answer telephone enquiries at any time. In addition, the Company's website was set up to present the latest updates and past results of the Company as well as the management body of the Company, so as to facilitate shareholders' and investors' comprehensive understanding of the Company.

For details about the Company's communication with shareholders and investors for the year 2016, please refer to the "Management of Investor Relations" section of this Annual Report.

## 2. Directors and the Board

The Company has established a Board with members coming from diverse backgrounds. The Board members possess remarkable professional characteristics. In the overall composition of the Board, the knowledge mix and the area of expertise of each of the Directors are both specialised and complementary, thus ensuring that the Board can make decisions in a scientific manner. Pursuant to the Articles of Association, the Board currently comprises 15 members, including 5 Independent Non-executive Directors ("Independent Directors"). The Directors have extensive experiences in various areas such as macroeconomic management, power industry management and financial accounting management, thus ensuring that major decisions made by the Company are effective and scientific.

As at the date of this report, the members of the Board of Directors are:

Chen Jinhang (Chairman), Wang Xin (Vice Chairman), Liu Chuandong, Liang Yongpan, Ying Xuejun, Zhu Shaowen, Cao Xin, Zhao Xianguo, Liu Haixia, Guan Tiangang, \*Liu Jizhen, \*Feng Genfu, \*Luo Zhongwei, \*Liu Huangsong, \*Jiang Fuxiu

(\* Independent Director)

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.



## Corporate Governance Report

The Directors fully understood their responsibilities, powers and obligations, and were able to discharge their duties with truthfulness, integrity and diligence. In order to enhance the decision-making mechanism, increase the scientific nature of decision-making and improve the quality of substantial decisions, the Board has established four specialised committees, namely the Nomination Committee, Audit Committee, Strategic Development and Risk Control Committee and the Remuneration and Appraisal Committee, with detailed work rules devised for the respective committees. The chairmen of the four specialised committees are Independent Directors. In particular, Independent Directors make up a majority in the Nomination Committee, Audit Committee and the Remuneration and Appraisal Committee.

The Board formulated the "Rules of Proceedings for Board Meetings", which, amongst others, clarified matters to be decided by the Board, its scope of power and the rules of proceedings. During the Year, the Board held 14 meetings. The convening and voting procedures of the meetings were in compliance with the requirements under the Articles of Association and the "Rules of Proceedings for Board Meetings". Major particulars of the resolutions made at the Board meetings include:

1. Consideration of matters related to the operating results of the Company, which primarily include:
  - (1) 2015 work report of the Board and work report of President of the Company;
  - (2) the 2015 final accounting report and the annual profit distribution plan of the Company and the 2016 annual budget plan;

- (3) the 2015 internal control evaluation and internal control assessment report of the Company and 2015 Social Responsibility Report of the Company;
- (4) Resolutions on the non-public issuance of A-Share and H-Share;
- (5) 2015 Results Announcement, 2016 First Quarterly, Interim and Third Quarterly Results Announcement of the Company;
- (6) the "Thirteen Five-Year" Development Plan of the Company, etc.

2. Consideration of matters related to investment and financing of the Company and the asset restructuring plan, which primarily include:

- (1) investment in and construction of Jiangxi Xinyu Phase II, Liaoning Shenfu Thermal Power Grid, Zhejiang Pinghu Wind Power Generation Project, etc.;
- (2) entering into the Framework Agreement for Reorganisation of Coal-to-chemical Segment and Related Projects with China Datang Corporation and entering into the Transfer Agreement in Relation to Coal-to-chemical and the Related Project by the Company and Zhongxin Energy and Chemical Technology Company Limited;





- (3) capital contribution to Fujian Ningde Nuclear Power Company Limited, Yuneng (Group) Company Limited and China Datang Nuclear Power Company Limited, capital contribution to and expansion of business in Yunnan Datang International Electric Power Company Limited, adjusting and increase in the equity ratio in Shenzhen Datang Baochang Gas Power Generation Company Limited, investing in the provincial energy marketing company of Datang Group in Jiangsu, Yunnan and Jiangxi, establishing provincial energy marketing company in Guangdong, Fujian and Zhejiang, continuing the equity financing work of Liaoning Renewable Power, Inner Mongolia Renewable Power and four other companies, transfer of equities and debts of Yunnan Datang International Biyuhe Hydropower Development Company Limited and Chongqing Yujiang Hydropower Company Limited, transfer of equities of China Continent Property & Casualty Insurance Company Limited, acquisition of part of the equities of Inner Mongolia Datang International Renewable Energy Resource Development Company Limited, etc.
3. Consideration of the guarantee and entrusted loan plans:
- (1) provision of entrusted loans and guarantee to finance certain enterprises;
- (2) provision of financial leasing business for certain enterprises;
- (3) registration of non-financial corporate debt financing instruments.
4. Other significant financial matters:
- (1) provision of retirement of assets and write-off of preliminary project expenses of certain subsidiaries;
- (2) provision for inventory impairment of the Company.
5. Consideration of connected transactions:
- (1) the Company undertook the equipment operation and maintained work of coal-fired generating units concession flue gas desulfurization and denitrification system of Datang Environment;
- (2) the entrustment of Datang Environment by certain subsidiaries of the Company to carry out concession operation of desulfurization system;
- (3) coal sale and purchase as well as coal transportation between the subsidiaries of the Company;
- (4) entering into financial cooperation or service agreement with Datang Lease Company and Datang Finance Company;
- (5) the entrustment of China Water Resources and Power to carry out centralized procurement of production materials and infrastructure engineering material package service;
- (6) the entrustment of Datang Research Institute to undertake consultation service for the whole process and technology of each construction of infrastructure of Datang International, etc.



## Corporate Governance Report

6. Changes in the composition of the Board, the Supervisory Committee and the management:
  - (1) carried out adjustment to the composition of the special committee under the Board, appointed Mr. Chen Jinhang as the chairman of the Strategic Development and Risk Control Committee, appointed Mr. Jiang Fuxiu as the chairman of the Audit Committee, and appointed Mr. Feng Genfu as the chairman of the Remuneration and Appraisal Committee and the Nomination Committee;
  - (2) elected and formed the ninth session of the Board of the Company, the members included Chen Jinhang, Wang Xin, Liu Chuandong, Liang Yongpan, Ying Xuejun, Zhu Shaowen, Cao Xin, Zhao Xianguo, Liu Haixia, Guan Tiangang, Liu Jizhen, Feng Genfu, Luo Zhongwei, Liu Huangsong, Jiang Fuxiu and elected Mr. Chen Jinhang as the chairman and Mr. Wang Xin as the vice chairman;
  - (3) appointed Mr. Wang Xin as the president of the Company and Mr. Wu Jing no longer assumed the position of the president of the Company;
  - (4) Mr. Liu Quancheng no longer assumed the position of the chief accountant of the Company, Mr. Fu Guoqiang, Mr. Fu Dong, Wang Guoping and Jian Yingjun no longer assumed the position of the vice president of the Company.
7. Engagement of the Company's accountants for the year 2016:
  - (1) proposed to engage Ruihua Certified Public Accountants (Special General Partnership) and RSM Hong Kong as auditors of financial report for the year 2016 of the Company;
  - (2) engaged Ruihua Certified Public Accountants (Special General Partnership) as auditor of internal controls for the year 2016 of the Company.
8. Revision of rules and regulations

Revised the "Articles of Association", revised the "Detailed Rules for the Work of the Strategic Development and Risk Control Committee", formulated the "Allowance Criteria for the Directors of the Ninth Session of the Board and the Supervisors of the Ninth Session of the Supervisory Committee", and amended the "Provisions on the Management of Proceeds".

The Board of the Company reviewed the 2016 Internal Control Self-Assessment Report and confirmed that the existing internal control management system of the Company was in line with the requirements of relevant laws and regulations and regulatory authorities. The Board confirmed that there were no non-operational funds of the listed companies utilized by substantial shareholders and other related parties.

For the year 2016, all Directors attended all the meetings either in person or by authorising proxies to attend the meetings on their behalf.



14 Board meetings were held in 2016, of which 6 were on-site meetings and 8 were meetings held through various means of communication.

Executive Directors	Attendance rate (%)	Attendance rate (in person) (%)
*Wang Xin (Vice Chairman)	100	100
Ying Xuejun	100	100
*Wu Jing	100	71
Non-executive Directors	Attendance rate (%)	Attendance rate (in person) (%)
Chen Jinhang	100	78
*Liu Chuandong	100	100
Liang Yongpan	100	86
*Zhu Shaowen	100	100
Cao Xin	100	86
*Zhao Xianguo	100	100
Liu Haixia	100	86
Guan Tiangang	100	93
*Hu Shengmu	100	58
*Cai Shuwen	100	86
*Yang Wenchun	100	100
Independent Non-executive Directors	Attendance rate (%)	Attendance rate (in person) (%)
Feng Genfu	100	100
Luo Zhongwei	100	100
Liu Huangsong	100	93
Jiang Fuxiu	100	100
*Liu Jizhen	–	–
*Jiang Guohua	100	86

- \* Mr. Liu Chuandong was appointed as the Director of the Company as approved at the general meeting, with effect from 1 July 2016; \*Mr. Wang Xin was appointed as a Director of the Company as approved at the general meeting, with effect from 1 July 2016 and appointed as the vice chairman of the Company as approved at the Board, with effect from 19 July 2016; \*Mr. Zhao Xianguo was appointed as a Director of the Company as approved at the general meeting, with effect from 1 July 2016; Mr. Liu Quancheng was appointed as a Supervisor of the Company as approved at the general meeting, with effect from 1 July 2016.
- \* Mr. Zhu Shaowen was appointed as a Director of the Company as approved at the general meeting, with effect from 26 February 2016; \*Mr. Yang Wenchun no longer assumed position of a Director of the Company as approved at the general meeting, with effect from 26 February 2016.
- \* Mr. Liu Jizhen was appointed as an independent Director of the Company as approved at the general meeting, with effect from 29 December 2016.
- \* Mr. Wu Jing, Mr. Hu Shengmu and Mr. Cai Shuwen no longer assumed position of a Director of the Company as approved at the general meeting, with effect from 1 July 2016; \*Mr. Jiang Guohua no longer assumed position of an independent Director of the Company as approved at the general meeting, with effect from 1 July 2016.



## Corporate Governance Report

### 3. Supervisors and the Supervisory Committee

Pursuant to the Articles of Association, the Company's Supervisory Committee comprises four members, of whom two are supervisors representing the staff. The membership and composition of the Supervisory Committee comply with the requirements of the laws and regulations. Supervisory Committee members shall exercise their supervisory duty as mandated by the laws, regulations, the Articles of Association and the rights granted by the shareholders' general meeting, and shall be accountable to the shareholders' general meeting in order to ensure shareholders' rights, the Company's interests and the staff's lawful interests are not violated. During

the reporting period, the Supervisory Committee held 8 meetings and attended all Board meetings and Audit Committee meetings. Through various channels and methods, the Supervisory Committee carried out regular inspections on the Company's finances and substantial matters, as well as supervising the lawfulness and compliance of the Directors, the President and other senior members in discharging their duties.

As at the date of this report, the members of the Supervisory Committee are:

Yu Meiping (Chairman of the Supervisory Committee), Zhang Xiaoxu (Vice-Chairman of the Supervisory Committee), Liu Quancheng, Guo Hong

Shareholders' representative	Attendance rate (%)	Attendance rate (in person) (%)
Zhang Xiaoxu (Vice-Chairman of the Supervisory Committee)	100	100
*Liu Quancheng	100	100
*Liu Chuandong	100	100

Employees' representative	Attendance rate (%)	Attendance rate (in person) (%)
Yu Meiping (Chairman of the Supervisory Committee)	100	100
Guo Hong	100	100

\* Mr. Liu Chuandong no longer assumed position of a Supervisor of the Company as approved at the general meeting, with effect from 1 July 2016. Mr. Liu Quancheng was appointed as a Supervisor of the Company as approved at the general meeting, with effect from 1 July 2016.



#### 4. Non-executive Directors and Independent Directors

The Company has a total of 13 Non-executive Directors, of whom 5 are Independent Directors. According to the Articles of Association, the term of service of each of the Directors (including Non-executive Directors) shall not exceed three years, and the Directors are eligible for re-election and reappointment upon the expiry of their terms of service. Any new Director shall take office only after being elected and approved at a shareholders' general meeting. The consecutive term of service of each of the Independent Non-executive Directors (i.e. Independent Directors) shall not exceed 6 years.

Pursuant to the rules of the CSRC, the Company has formulated a "Work System for Independent Directors" and an "Annual Report Work System for Independent Directors" to govern a number of areas such as the requirements and procedures for the appointment of Independent Directors, the principles for exercising their functions and powers, the rights to which they are entitled and their corresponding responsibilities and obligations. The systems contain explicit rules specifying the duties, responsibilities and other aspects of Independent Directors in respect of the preparation and review of the Company's annual reports.

The Independent Directors of the Company discharged the relevant duties faithfully with integrity and diligence towards the Company and all shareholders (especially small and medium shareholders). During the year, the Independent Directors actively attended the shareholders' general meetings, Board meetings and relevant meetings of the specialised committees; discharged their duties conscientiously; offered positive recommendations on the business development and operational management of the Company making full use of their expertise and experience in financial, corporate management and other aspects; and conducted cautious review and presented independent opinions on the material connected transactions, external guarantees and other matters of the Company. During the preparation of the 2016 Annual Report, the Independent Directors played an active role in the Company as they listened to and inspected carefully details of the Company's annual production and operations in strict compliance with the requirements of the securities regulatory authorities and the "Annual Report Work System for Independent Directors"; maintained communication with the accountants for the annual audit to acquire a comprehensive understanding of, supervised and inspected the Company's annual audit arrangements and process; bringing into full play the function of Independent Directors.



## Corporate Governance Report

### 5. Chairman and Chief Executive Officer (President)

The positions of Chairman (chairman of the Board) and President of the Company are held by two different persons. During the year, Mr. Chen Jinhang was the Chairman and Mr. Wang Xin was the President. The responsibilities and authorities of the Chairman and the President are expressly provided in the Articles of Association. The main duties of the Chairman include presiding over the shareholders' general meetings, convening and presiding over Board meetings and reviewing the status of the implementation of the Board's resolutions. The main duties of the President include: (1) to take charge of the production and operation management of the Company, and coordinate the implementation of the Board resolutions; (2) to coordinate the implementation of the Company's annual operation plans and investment proposals; (3) to formulate the plan for establishing the Company's internal management institutions; (4) to lay down the Company's fundamental management system; (5) to formulate the fundamental constitution of the Company; (6) to propose the appointments or dismissals of the Vice President and the person in charge of finance; and (7) to appoint or dismiss other officers who are not appointed or dismissed by the Board.

Pursuant to the "Articles of Association", the President of the Company shall draft a special "Work Report of President" on details of the implementation of the Board resolutions and the operation of the Company, and shall present the same to the Board for consideration; the Chairman (Chairman of the Board) shall draft a special "Work Report of the Board" on behalf of the Board regarding the details of the Board's work and present it to the Company's annual general meeting for consideration.

### Training of Directors

As stipulated by the Listing Rules, directors are required to acquaint their respective responsibilities. In order to provide better assistance to directors for discharging their duties, the Company will, pursuant to the requirements of the regulators, actively arrange directors to participate in various training programmes such as the business of a listed company and corporate governance. Moreover, the Company will provide the directors with written information on specific policies and regulations issued by the regulators so as to enable them to comprehend relevant laws, regulations and policies instantly during the process of discharging their respective duties, thereby assisting the directors to better set the Company's production and business objectives. After the newly appointed directors assume the position, the Company will provide them with written information which covers laws, regulations and other details related to the directors' duties to enable them to clearly acquaint their duties as required by laws and regulations, and to discharge related duties accordingly. Directors will be invited to conduct onsite inspections on the Company's projects in response to the Company's development, and to make reasonable suggestions and comments to the Company based on their respective areas of expertise.



Details of the trainings attended by the Directors in 2016 are set out below:

Director	Position	Type of Training Participated	Training Type
Chen Jinhang	Chairman	A, B, C, D	A. Training provided by regulators
*Wang Xin	Vice Chairman	A, B, C, D	B. Attending seminars/forums
Ying Xuejun	Director	A, B, C, D	C. Reading economic, financial and business articles, as well as articles and information related to the duties of a director and the Company
Liang Yongpan	Director	A, B, C, D	
*Zhu Shaowen	Director	A, B, C, D	D. Conduction on-site inspections on the Company's business
*Liu Chuandong	Director	A, B, C, D	
Cao Xin	Director	A, B, C, D	
Liu Haixia	Director	A, B, C, D	
Guan Tiangang	Director	A, B, C, D	
*Zhao Xianguo	Director	A, B, C, D	
Feng Genfu	Independent Director	B, C, D	
Luo Zhongwei	Independent Director	B, C, D	
Liu Huangsong	Independent Director	B, C, D	
Jiang Fuxiu	Independent Director	B, C, D	
*Liu Jizhen	Independent Director	B, C, D	
*Wu Jing	Vice Chairman	B, C, D	
*Hu Shengmu	Director	B, C, D	
*Cai Shuwen	Director	B, C, D	
*Yang Wenchun	Director	B, C, D	
*Jiang Guohua	Independent Director	B, C, D	

\* Due to work adjustments, as considered and agreed at the general meeting, Mr. Yang Wenchun no longer assumed position of a Director of the Company, with effect from 26 February 2016; Mr. Wu Jing, Mr. Hu Shengmu and Mr. Cai Shuwen no longer assumed position of a Director of the Company, with effect from 1 July 2016; Mr. Jiang Guohua no longer assumed position of an Independent Director of the Company, with effect from 1 July 2016; Mr. Zhu Shaowen served as a Director of the Company, with effect from 26 February 2016; Mr. Liu Chuandong and Mr. Wang Xin served as a Director of the Company, with effect from 1 July 2016; Mr. Zhao Xianguo served as a Director of the Company, with effect from 1 July 2016; Mr. Liu Jizhen served as an Independent Director of the Company, with effect from 29 December 2016.



# Corporate Governance Report

## Remuneration of directors, supervisors and senior management

As of 31 December 2016, the annual remuneration of the Company's senior management (excluding Directors and Supervisors) by band are as follows:

RMB0 to RMB500,000	1 person
RMB500,001 to RMB750,000	3 persons
RMB750,001 and above	5 persons

Note: The above emoluments represent the total emoluments (tax inclusive) of senior management (former and present) received from and payable by the Company, which include wages, subsidies and bonus.

Details of remuneration of Directors, supervisors and senior management in 2016 are set out in Note 14 to the Consolidated Financial Statements from page 163 to page 165.

## Duties and operation of specialized committees under the board

### 1. Strategic Development and Risk Control Committee

- (1) Composition: The Board establishes the Strategic Development and Risk Control Committee, which consists of eight Directors, two of whom are Independent Directors. The Committee has a chairman (director) and vice chairman (deputy director) which shall be the chairman of the Company or member assigned by the chairman, respectively, and shall be in charge of the work of the Committee.

As of the date of this report, the members of the Committee are:

Chairman: Chen Jinhang

Vice chairman: Luo Zhongwei (Independent Director)

Members: Liu Jizhen (Independent Director), Wang Xin, Liang Yongpan, Liu Haixia, Cao Xin, Zhu Shaowen

- (2) Rules of Proceedings: The Committee convenes a meeting at least once every year and holds irregular meetings based on the needs of work. Committee meetings can be held as on-site meetings or through other means of communication (including teleconference, facsimile, etc.).

### (3) Major Duties:

- (i) to conduct research and make recommendations on the Company's long-term strategic development plan;
- (ii) to conduct research and make recommendations on major investment and financing plans which are subject to the Board's approval according to the "Articles of Association";
- (iii) to conduct research and make recommendations on major capital operations and asset management projects which are subject to the Board's approval according to the Articles of Association;





- (iv) to conduct research and make recommendations on other significant matters that may have an impact on the development of the Company;
- (v) to conduct prior risk assessments and discussions on matters set out in (i) to (iv) above, and recommend corresponding control and spread out;
- (vi) to conduct risk assessment and make recommendations on the sectors or industries in which Company intends to operate;
- (vii) to inspect the execution of the above matters, and to conduct follow-up research on the risk factors that may exist or occur during the execution process, and to make recommendations accordingly;
- (viii) the Committee is accountable to the Board. Any proposals made by the Committee shall be submitted to the Board for consideration and decision.

(4) Meetings:

In 2016, two meetings were held to consider the Accomplishment of the Company's "Twelfth Five-Year" Development Plan and Development Strategy and Targets for "Thirteen Five-Year" Development Plan and Resolution on Entering into the Transfer Agreement in Relation to Coal-to-chemical and the Related Project by the Company and Zhongxin Energy and Chemical.

Committee Members	Attendance rate (%)
*Chen Jinhang	–
Luo Zhongwei (Independent Director)	100
*Feng Genfu (Independent Director)	–
Jiang Fuxiu (Independent Director)	100
*Wang Xin	–
*Liang Yongpan	50
*Liu Haixia	0
*Cao Xin	50
Zhu Shaowen	100
*Wu Jing	50

\* Liang Yongpan, Wu Jing, Liu Haixia and Cao Xin, all of whom were Directors, did not attend the meeting due to business engagement.

\* Members of the Committee were changed in 2016, among which Directors Chen Jinhang, Wang Xin, Feng Genfu and Zhu Shaowen assumed the position of the committee members after the meeting. Directors Wu Jing, Jiang Fuxiu and Yang Wenchun no longer assumed the position of the committee members of Strategic Development and Risk Control Committee. Liu Jizhen (Director) assumed the position of the committee member and Feng Genfu (Director) no longer assumed the position of the committee member, with effective from 15 March 2017.



## Corporate Governance Report

### 2. Nomination Committee

- (1) Composition: The Board establishes a Nomination Committee comprising five Directors, with Independent Directors making up more than half of the membership. The Committee has a chairman selected and appointed by the Board. The chairman is an Independent Director of the Company who is in charge of the work of the Committee.

As of the date of this report, the members of the Committee are:

Chairman: Feng Genfu (Independent Director)

Members: Jiang Fuxiu (Independent Director), Liu Huangsong (Independent Director), Ying Xuejun, Zhao Xianguo

- (2) Rules of Proceedings: The Committee shall convene at least one meeting each year and hold irregular meetings based on work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc.).

- (3) Major Duties include:

- (i) to make recommendations to the Board with respect to the scale, constitution and composition (including skills, knowledge and experience) of the Board with reference to the operating activities, asset scale and shareholding structure of the Company;
- (ii) to examine the selection criteria and procedures of directors and managers and to make recommendations to the Board;
- (iii) to identify broadly candidates suitably qualified to become directors and managers;
- (iv) to investigate the candidates of directors and managers and other senior management staff, and to make recommendations;
- (v) to assess the independence of independent directors;
- (vi) to execute other matters as authorised by the Board.



(4) Meetings:

Four meetings were held during 2016, at which changes to Directors, Independent Directors and Deputy General Manager of the Company were considered, resolutions were formed ultimately and it was agreed to submit the same to the Board for consideration and approval.

Committee Members	Attendance rate (%)
*Luo Zhongwei (Independent Director)	100
*Jiang Fuxiu (Independent Director)	100
*Jiang Guohua (Independent Director)	100
Feng Genfu (Independent Director)	100
Ying Xuejun	100
Liu Huangsong (Independent Director)	100
*Zhao Xianguo	100
*Hu Shengmu	—

\* Director Hu Shengmu did not attend the meeting due to business engagement.

\* Members of the Committee were changed in 2016, among which Directors Zhao Xianguo, Luo Zhongwei and Jiang Fuxiu assumed the position of the committee members after the meeting. Directors Hu Shengmu and Jiang Guohua no longer assumed the position of the committee members. Luo Zhongwei, a Director, no longer assumed the position of the committee member, with effective from 15 March 2017.

(5) Policy for the Diversification of Board Membership

Since an appropriate balance in the diversification of skills, experience and specialisation of the members of the Board will be conducive to enhancing the effective functioning of the Board and to maintaining high standards of corporate governance, the Nomination Committee therefore adopted a board diversity policy during the shortlisting of qualified Directors' candidates.

Particulars of the policy: candidates for Directors shall be shortlisted on the basis of diversification, with reference to the Company's business model and specific requirements, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service term.

Supervision and responsibility: the Nomination Committee shall hold discussions on the structure, size and composition of the Board annually and propose improvement recommendations to the Board based on the actual situation of the Company.

The Board shall hold discussions on the policy and revise the policy when necessary in accordance with the relevant rules, and disclose its policy or policy summary in the annual Corporate Governance Report of the Company.



## Corporate Governance Report

### 3. Audit Committee

- (1) Composition: The Board established an Audit Committee that currently comprises 5 Directors, among which, Independent Directors made up more than half of the membership. The Committee has a chairman selected and appointed by the Board. The chairman is an Independent Director of the Company who is in charge of the Committee's work.

As at the date of this report, the members of the Committee are:

Chairman: Jiang Fuxiu (Independent Director)

Members: Luo Zhongwei (Independent Director), Feng Genfu (Independent Director), Guan Tiangang, Liu Chuandong

- (2) Rules of Proceedings: The Committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc.).

- (3) Major Duties:

- (i) to be accountable to the Board; the proposals of the Committee shall be submitted to the Board for consideration and approval;

- (ii) to make recommendations on the appointment and replacement of external audit firms;
- (iii) to supervise the Company's internal audit system and its implementation;
- (iv) to be responsible for the communication between internal and external auditors;
- (v) to review the Company's financial information and its disclosures;
- (vi) to complement with the Supervisory Committee and the supervisors in reviewing the Company's financial matters;
- (vii) to review the establishment of the comprehensive internal control system;
- (viii) to review the "Internal Control Evaluation Report" and the "Internal Control Assessment Report";
- (ix) to inspect the completeness of the establishment of the comprehensive internal control system;
- (x) to coordinate the audit of the internal controls and other related matters.



(4) Meetings:

The Audit Committee held two meetings in 2016 to review the Company’s annual results, the “2015 Internal Control Assessment Working Report of the Company” and the “2015 Internal Control Evaluation Working Report of the Company”.

Committee Members	Attendance rate (%)
Jiang Guohua (Independent Director)	100
Luo Zhongwei (Independent Director)	100
* Jiang Fuxiu (Independent Director)	100
Feng Genfu (Independent Director)	100
Guan Tiangang	50
Luo Zhongwei (Independent Director)	100
* Liu Chuandong	–
* Cai Shuwen	100

\* Directors Liu Chuandong and Guan Tiangang did not attend the meeting due to business engagement.

\* Members of the Committee were changed in 2016, among which Director Luo Zhongwei assumed the position of the committee members after the meeting. Directors Jiang Guohua and Cai Shuwen no longer assumed the position of the committee members.

4. Remuneration and Appraisal Committee

(1) Composition: The Board has established a Remuneration and Appraisal Committee that comprises of 5 directors, among which, Independent Directors made up more than half of the membership. The Committee has a chairman selected and appointed by the Board. The chairman is an Independent Director of the Company who is in charge of the work of the Committee.

As at the date of this report, the members of the Committee are:

Chairman: Feng Genfu (Independent Director)

Members: Jiang Fuxiu (Independent Director), Liu Huangsong (Independent Director), Ying Xuejun, Zhao Xianguo

(2) Rules of Proceedings: The Committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communications (including teleconference, facsimile, etc.).

(3) Major Duties:

(i) to be accountable to the Board, and the proposals submitted by the Committee will be passed to the Board for consideration and decision;

(ii) to make remuneration plan or proposal according to the major scopes of work, duties and significance of the directors, supervisors and senior management positions as well as the



## Corporate Governance Report

- remuneration levels of comparable positions in other comparable companies; remuneration plan or proposal include but not limited to performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems;
- (iii) to review the fulfillment of the responsibilities of the Company's directors, supervisors and senior management and to conduct annual performance appraisal thereon;
- (iv) to supervise the implementation of the remuneration system of the Company's directors, supervisors and senior management;
- (v) to execute other matters as authorised by the Board.
- (4) Meeting:

A meeting was held in 2016 to review the level of remuneration for the Company's Executive Directors and members of the senior management for 2015 and the plan of the level of remuneration for 2016.

Committee Members	Attendance rate (%)
*Jiang Fuxiu (Independent Director)	--
*Jiang Guohua (Independent Director)	100
Feng Genfu (Independent Director)	100
Ying Xuejun	100
Liu Huangsong (Independent Director)	100
*Luo Zhongwei (Independent Director)	--
*Zhao Xianguo	--
*Hu Shengmu	--

\* Director Hu Shengmu did not attend the meeting due to business engagement.

\* Members of the Committee were changed in 2016, among which Directors Jiang Fuxiu, Zhao Xianguo and Luo Zhongwei assumed the position of the committee members after the meeting. Directors Jiang Guohua and Hu Shengmu no longer assumed the position of the committee members. Director Luo Zhongwei no longer assumed the position of the committee member since 15 March 2017.



## Corporate Governance Responsibilities

The Board is responsible for establishing and facilitating the implementation of corporate governance functions and for ensuring that the established effective management structure continues to improve the relevant requirements for corporate governance in the changing operating environment as well as under relevant systems.

The duties of the Board in corporate governance primarily include:

- to formulate and inspect the Company's corporate governance policies and practices, and make recommendations;
- to organise and inspect the training of Directors and senior management;
- to supervise and monitor the Company's compliance with policies and practices under laws, regulations and regulatory requirements;
- to formulate, inspect and monitor the compliance of conduct code by the employees and Directors of the Company;
- to inspect the Company's compliance with the "Corporate Governance Code" in Appendix 14 of the Listing Rules and the Company's disclosures in the "Corporate Governance Report".

In the report and in the previous years, the Company has compiled and published documents and systems relating to the corporate governance policies and compliance practices. These regulations or documents primarily include:

- The Terms of Reference of the Board
- Rules of Proceeding for the Board, Supervisory Committee and General Meetings

- The establishment of Specialised Committees under the Board and their duties
- Work System for Independent Directors
- The Terms of Reference of General Manager
- Information Disclosure System
- Registration System for Informed Parties with Access to Inside Information
- Management System for Connected Transactions
- Management System for Investor Relations
- Management system governing the changes in the Company's shares held by Directors, supervisors and senior management
- The Policy of Shareholder communications
- Procedures for the nomination of candidates for directors, etc.

The Audit Committee of the Board has been delegated the corporate governance functions by the Board to supervise and facilitate the Company's compliance with the internal corporate governance code. A specialised office has been set up within the Company to assist the Audit Committee to review the Company's corporate governance structure on an ongoing basis and advise on the latest requirements of corporate governance and day-to-day operation of the Company's corporate governance office. The "2016 Internal Control Evaluation Report" compiled by the Company pursuant to the requirements of the Chinese domestic regulators has been examined by the Audit Committee, considered by the Board and audited by the accountants. For details of Company's internal control, please refer to the "Establishment of the Company's Internal Control System" section.



# Corporate Governance Report

## Establishment of the Company's Internal Control System

Improving and effectively implementing the internal control is an ongoing responsibility of the Board and the management of the Company. The objectives of the Company's internal control are to provide reasonable assurances that the Company's operations management is lawful and compliant, the assets are safe, the financial statements and related information are truthful and complete, and operational efficiency and effectiveness are enhanced, thereby promoting the achievement of the development strategy of the Company. Since its incorporation, the Company has been continuously building and improving the internal control system to safeguard its sustainable, rapid, healthy, stable and orderly development, and to protect the interests of its shareholders pursuant to the requirements of the "Company Law of the People's Republic of China", the "Law of the People's Republic of China on Securities", the "Governance Standards for Listed Companies", the "Basic Standards for Enterprise Internal Control", the "Rules Governing the Listing of Stocks on Shanghai Stock Exchange", and "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" as well as other relevant laws, regulations, rules and normative documents, and in line with any changes in the internal and external environments. The Board has conducted an assessment of the internal control pursuant to the requirements of the "Basic Standards for Enterprise Internal Control" and considered that it was effective as of 31 December 2016 (the benchmark date).

### 1. Establishment of Internal Control System:

In 2016, the Company paid considerable attention to the constant optimisation of internal control, including risk assessment and internal control evaluation, into daily supervision and management of the Company. The internal control awareness is gradually strengthened, while the internal control system is optimised. The internal control duties are clearer and the assessment on the effect of internal control is further strengthened. First, we conduct effective assessment by careful preparation, advance arrangement, and in accordance with the

confirmative risk assessment and internal control evaluation plan to commence risk assessment and internal control evaluation in-depth and to facilitate the establishment of internal control through the said assessment and evaluation. Second, we prepare and announce the risk assessment, and report on internal control evaluation. We sum up the general defects existing in the internal control system of the Company, propose solutions and notify all enterprises through the system, require them to carry out self-examination and self-correction, learn by analogy, and carry out self-rectification. Third, we strengthen the appraisal by preparing and announcing the "Monthly Appraisal Rules to the Risk Events" by form of negative list in order to reflect the appraisal situation of the indicators of key risk management and control and division of responsibility and bring into the performance appraisal.

### 2. Internal Control Work Plan

In 2017, the Company closely focuses on the "internal control efficiency" to enhance the level of internal control establishment. First, the Company will further strengthen the learning, training and advertising to encourage all employees to participate in internal control and risk management. The Company will also facilitate each department of the headquarter of the Company and employees at all levels in the enterprises to deeply comprehend the requirements of the internal control system, update the management concepts, master the internal control methods, create a good internal control and risk management culture and atmosphere, and promote a comprehensive risk awareness to the Company's business and management activities. Secondly, the Company strengthen the establishment of internal control team, promote position consolidation in internal control and risk management, and improve the stability of the internal control team and professional level of specialists to enhance the internal control evaluation ability. Thirdly, the Company regulate and revise the internal control and risk





management system mechanism, optimise the internal control and risk management organisation system, working mechanism and related systems, improve the way of thinking and working methods of risk assessment and internal control evaluation in response to the institutional reform of the Company, personnel changes and requirements of business development. Fourthly, the Company focus on improving the actual outcome of risk assessment and internal control evaluation, strengthen the rectification and implementation of internal control defects and related risks, and optimise the closed-loop mechanism of internal control evaluation and risk management. Fifthly, we effectively integrate the professional resources, make full use of professional results of monitoring and auditing and risk warnings to update and optimise the relevant prevention and control system in a timely manner, and rectify all management defects.

### Risk Management and Internal Control

The Board recognises its responsibility for supervising the risk management and internal control system of the Company, and conducts annual review on its effectiveness through its specialised committees. The specialised committees assist the Board in the performance of its supervision of the Company's finance, compliance, risk management and internal control and resources in financial and internal auditing functions as well as its role in corporate governance.

The Board is responsible for the establishment, improvement and effective implementation of internal control system. The Supervisory Committee is responsible for supervision of the internal control system established and implemented by the Board. The management is responsible for the organization of the daily operation of internal control. The supervisory audit department of the Company and the Audit Committee assist the Board in the continuous review of the effectiveness of the risk management and internal control system of the Company.

The Group has established standardised corporate governance structure and rules of procedure to specify the responsibilities and authority in decision-making, execution, supervision and other aspects. The risk management and internal control system of the Company is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management structure of the Group is guided under the "Three Defence Lines (三道防線)" risk management model. The first defence line refers to the relevant functional departments and affiliated enterprises, the second defence line refers to the risk management department, and the third defence line refers to the internal audit department. The relevant functional departments and affiliated enterprises of the Company regularly conduct identification, reaction and monitoring for risks. The Company earnestly analyses its situation within the industry on the basis of the study and judgement of the general domestic and international macro-economic situation annually and conducts risk management according to the strategic objective and control requirements. The risk management department of the Company organizes the headquarters and affiliated enterprises of the Company to conduct annual risk assessment, internal control evaluation and internal audit, report to the Board on the internal control evaluation and internal audit, and follow up the rectification progress of defects found in prevention and control of material and significant risks so identified and internal control. The internal audit department prepares annual audit plan based on problems and risks, supervises internal audit, and submits the results of audit supervision to the Audit Committee and the senior management of the Company for consideration and approval. Also, the internal audit department follows up the rectification progress of the problems identified in the audit and reports to the senior management of the Company. The review period of the risk management and internal control system covered is within the reporting period.

The Group has adopted the Guidelines on Comprehensive Risk Management of State-owned Enterprises (《中央企業全面風險管理指引》), the Basic Standards for Internal Control of Enterprises (《企業內部控制基本規範》),



## Corporate Governance Report

the Guidelines on the Application of Internal Control of Enterprises (《企業內部控制應用指引》), the Guidelines on the Evaluation of Internal Control of Enterprises (《企業內部控制評價指引》) and the Guidelines on the Auditing of Internal Control of Enterprises (《企業內部控制審計指引》) as the guiding principles of its operation and risk management. The major procedures of risk assessment of the Company consist of: target setting, information collection and risk identification, risk analysis, response to risk, risk monitoring and reporting.

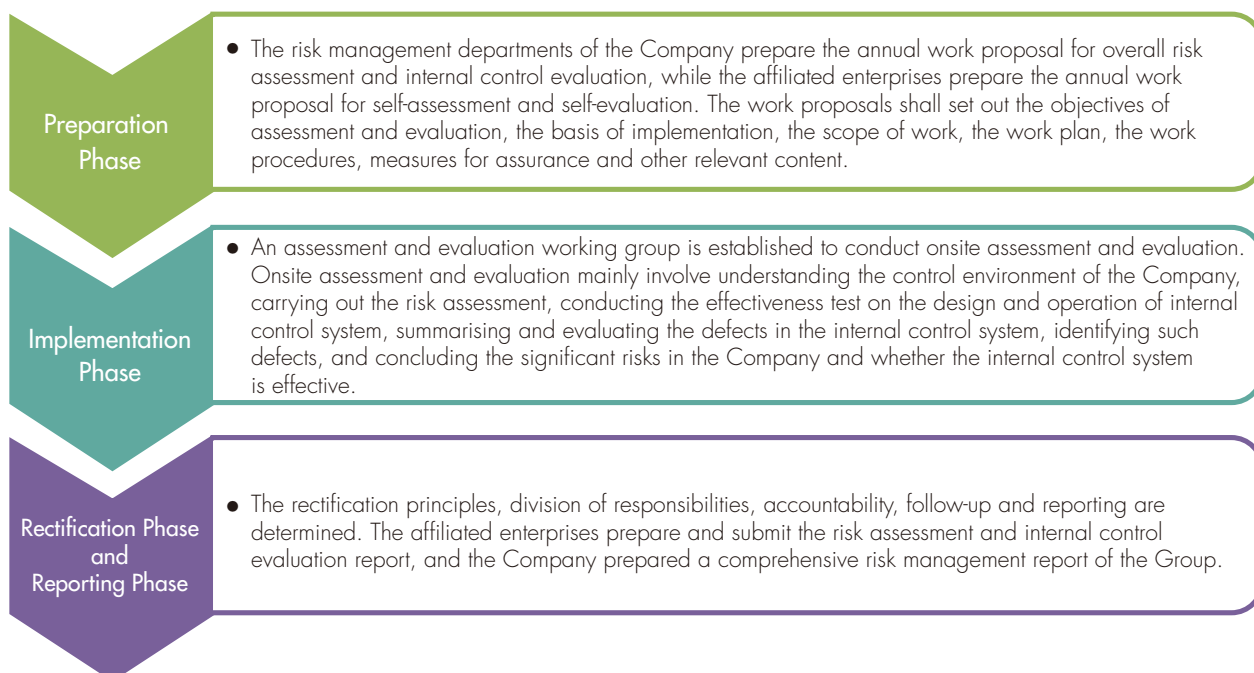
The risk management departments prepare the risk management manual, the administrative measures on risk management and internal control and other policies for the Company. They organise the business departments and its affiliated enterprises on a regular basis to identify potential risks that may have an impact on the achievement of its own or the Company's production and operating objectives, analyse the probability of occurrence of such risk events, and the extent of impact on the production and operating objectives after the occurrence of such events.

The business departments and its affiliated enterprises specify the risk management strategies and the solutions to risk management, and set a risk alert level and the relevant strategies pursuant to the risk tolerance corresponding to the production and operating objectives.

Solutions to risk management are established for each significant risk based on the risk management strategy. Combining with the development stages and the business expansion progress, information relating to changes in risks is continuously collected for risk identification and risk assessment, and for prompt adjustment to the strategies in response to risks.

The risk management departments of the Group follow up and evaluate the management of significant risks on a regular basis.

The Group integrates the risk management and internal control system into various business processes, and adopts various measures and procedures to evaluate and prudently improve the effectiveness of the risk management and internal control system, including to organise the headquarters and affiliated enterprises of the Company to conduct self-assessment on risks and self-evaluation on internal control on a regular basis, and to conduct independent risk assessment and internal control evaluation of the affiliated enterprises. The procedures of reviewing the effectiveness of the risk management and internal control system of the Company consist of:





## Inside information

The Board of the Company is the governing body of inside information. The Secretary to the Board is the person-in-charge of the management work of the inside information. The securities and capital department of the Company assists the Secretary to the Board to specifically handle daily management work of the inside information of the Company. In order to standardize the inside information management of the Group, the Board strengthens the confidentiality of inside information, maintains the principle of fairness of information disclosure, and protects the legitimate rights and interests of the Company and its shareholders, creditors and other stakeholders. The Company formulated a registration system of the insiders according to relevant laws, regulations and rules by integrating the actual situation of the Company. The system stipulates that the scope of insiders shall be minimized and they shall fulfill the confidentiality responsibility before public disclosure of the information of the Company. The insiders who have opportunities to receive the inside information of the Company shall not disclose the content of inside information to others and shall not make use of any inside information for benefits of their own, relatives or others.

Pursuant to the recommendations of the specialised committees, the Board has approved the internal control evaluation and the internal control audit report of the Company, and is of a view that the risk management and internal control system of the Company is effective, adequate and appropriate.

## Company's Auditors

In 2016, the Company engaged Ruihua and RSM Hong Kong as its domestic and international auditors respectively, which are responsible for providing impartial and objective opinion on the Company's financial statements. The Company's Audit Committee has confirmed the independence and objectivity of the auditors. In 2016, the fee payable to Ruihua and RSM Hong Kong for the provision of audit service amounted to RMB15.98 million. No fee was paid by the Company in respect of non-statutory audit services. RMB1.8 million

was paid by the Company as internal audit fees. The fee paid by the Company for non-audit service, i.e. the service fee in relation to the review of the sufficiency of working capital of the Company as contained in its major transaction circulars and loss estimate as set out in its connected transaction circulars amounted to RMB0.38 million.

## Communication with Shareholders and the Rights of Shareholders

### Shareholders can convene an extraordinary general meeting or share class meeting

Pursuant to the Articles of Association, two or more shareholders collectively holding more than 10% of the voting shares of the Company can sign one or more copies of a written request with the same format and content to be submitted to the Board requesting for convening an extraordinary general meeting or share class meeting and to set out the meeting agenda. The Board shall convene an extraordinary general meeting or share class meeting as soon as possible upon receipt of the aforesaid written request. If the Board fails to issue notice convening such meeting within 30 days upon receipt of such written request, the shareholders who made the request can convene a meeting by themselves within four months upon the Board's receipt of the request. The procedures for convening the meeting shall be as far as possible the same as those procedures of the Board for convening a shareholders' general meeting.

A written proposal made by shareholders holding more than 5% of the voting shares of the Company should be considered at a shareholders' general meeting of the Company.

### Procedures for shareholders to inquire information

Pursuant to the Articles of Association, shareholders can inquire about the following information:

- (1) the Articles of Association will be available upon payment of costs by shareholders;



## Corporate Governance Report

- (2) shareholders have the right to inspect and make copies of the register of all classes of shareholders upon payment of a reasonable fee;
  - (3) the personal data of the Company's Directors, supervisors, managers and other senior management;
  - (4) the status of the Company's share capital;
  - (5) the total nominal value, the number as well as the highest and lowest prices of the shares of each class repurchased by the Company since the previous fiscal year, and a report on the Company's payment of all the relevant fees;
  - (6) the minutes of shareholders' general meetings;
  - (7) the shareholders have the right to inspect the copies of corporate bonds;
  - (8) the resolutions made at Board meetings;
  - (9) the resolutions made at the meetings of Supervisory Committee;
  - (10) financial and accounting reports, etc.
- (4) published on the Company's website and/or the website designated by the stock exchange of the place where the Company's shares are listed, provided that such publishing is in compliance with the laws and administrative regulations as well as the relevant rules of the securities regulators of the place where the Company's shares are listed;
  - (5) announcements on newspapers and/or other designated media;
  - (6) other forms approved by the securities regulators of the place where the Company's shares are listed;
  - (7) shareholders and investors of the Company can visit the Company's website ([www.dtpower.com](http://www.dtpower.com)) to access the Company's relevant information timely and efficiently.

### Shareholders can access information through the following means

Notices, communications or other written materials sent by the Company to shareholders are given in following forms:

- (1) served by hand;
- (2) served by mail;
- (3) served by fax or e-mail;

### Putting forward enquiries or proposals at shareholders' meeting to the Board

For putting forward any enquiries or proposals at shareholders' meeting to the Board, shareholders may send written enquiries (by post, fax or email) to the following addresses, fax numbers or email addresses of the Company:

No. 9 Guangningbo Street, Xicheng District, Beijing, People's Republic of China

Fax: 86 (10) 8800 8672

E-mail: [weiyuping@dtpower.com](mailto:weiyuping@dtpower.com)

### Amendments to Articles of Association

In 2016, the Company made amendments to the content in relation to the dividend distribution policy in the Articles of Association.



The directors are pleased to present the audited results of the Company for the year ended 31 December 2016.

## Company results

During the Year, operating revenue from continuing operations of the Group was approximately RMB57,292 million, representing a decrease of approximately 4.59% as compared to the Previous Year. Profit before tax from continuing operations amounted to RMB8,441 million, representing a decrease of approximately 15.07% as compared to the Previous Year. Basic earnings per share from continuing operations attributable to equity holders of the Company amounted to approximately RMB0.2458. Basic earnings per share from continuing operations attributable to equity holders of the Company for the year 2015 amounted to approximately RMB0.3974. Net loss attributable to equity holders of the Company amounted to approximately RMB2,754 million. Net profit attributable to equity holders of the Company for the year 2015 amounted to approximately RMB2,788 million. Please refer to the “Management Discussion and Analysis” section for details of the Company’s results.

In view of the operating results of the Group during the Year, the Board has recommended not to distribute dividends, and such proposal is subject to the approval by the shareholders at the annual general meeting of the Company.

## Performance of the Company’s A shares and H shares during 2016 (No adjustment)

Performance of the Company’s H shares during 2016:

Closing price of H shares as at 31 December 2016	HK\$2.03 per share
Highest trading price of H shares between 1 January and 31 December 2016	HK\$2.43 per share
Lowest trading price of H shares between 1 January and 31 December 2016	HK\$1.89 per share
Total number of H shares traded between 1 January and 31 December 2016	4.064 billion shares

## Issue and listings of shares

The Company’s H shares have been listed on the Stock Exchange of Hong Kong Limited and the London Stock Exchange Limited since 21 March 1997. On 9 September 2003, the Company issued 5-year United States Dollar convertible bonds of US\$153.8 million, which have been listed in Luxembourg, at 0.75% interest rate and a conversion premium of 30%. The Company’s A shares have been listed on the Shanghai Stock Exchange since 20 December 2006. Pursuant to the resolution passed at the 2006 general meeting, the Company implemented the share capital expansion proposal by utilising its capital reserve fund to issue 10 bonus shares for every 10 shares held by the shareholders of the Company in 2007. The Company completed the non-public offering of A shares in March 2010, with newly issued A shares of 530,000,000 shares. Further, the Company had non-public offering of A shares in May 2011, with newly-issued A shares of 1,000,000,000 shares. Due to above-mentioned changes, as at 31 December 2016, the total number of shares of the Company was 13,310,037,578 shares. Apart from that, the Company did not issue any new shares.



## Report of the Directors

Performance of the Company's A shares during 2016:

Closing price of A shares as at 31 December 2016	RMB3.82 per share
Highest trading price of A shares between 1 January and 31 December 2016	RMB5.15 per share
Lowest trading price of A shares between 1 January and 31 December 2016	RMB3.80 per share
Total number of A shares traded between 1 January and 31 December 2016	3.097 billion shares

### Public float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, i.e 15 March 2017, and as at 31 December 2016, the Company confirms that the public float of the Company's H shares and A shares has complied with the requirements under the Listing Rules.

### Accounts

The Company and its subsidiaries' audited results for the year ended 31 December 2016 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 111 to page 112. The financial position of the Company and its subsidiaries as at 31 December 2016 is set out in the Consolidated Statement of Financial Position on page 113 to page 114.

The Company and its subsidiaries' consolidated cash flows for the year ended 31 December 2016 are set out in the Statement of Consolidated Cash Flows on page 116 to page 117.

### Principal businesses and business review

The Company is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, the repair and testing of power equipment, power related technical services, and the development and sale of coal.

Further details of these activities as required by Schedule 5 of the Hong Kong Companies Ordinance are set out in the "Management Discussion and Analysis" section of this annual report.

### Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2016.

### Environmental policies and performances

The Company devotes to build up an environmental and sustainable operation system. The Group has implemented laws and regulations including Environmental Protection Law of the PRC and Prevention and Control of Water Pollution, etc.



## Compliance with laws and regulations

In 2016, the Company has strictly complied with relevant laws, regulations and practices of the industry which have material impact on the operation of the Company.

## Major suppliers and customers

The percentage of purchases and sales relating to continuing operations attributable to the Company's suppliers and customers for the Year are as follows:

	2016	2015
Purchases		
The largest supplier	10.68%	10.19%
Top five suppliers	32.92%	27.98%
Sales		
The largest customer	23.40%	24.85%
Top five customers	54.13%	57.01%

To the knowledge of the Directors, none of the Directors, supervisors, their respective associates or shareholders (owning 5% or more of the Company's issued share capital of the same class) owned any direct or indirect interest in the Company's suppliers and customers mentioned above during the Year.

## Subsidiaries, joint ventures and associates

Details of subsidiaries, joint ventures and associates of the Company are set out in Note 49 to the Consolidated Financial Statements from page 225 to page 242, Note 23 to the Consolidated Financial Statements from page 184 to page 186 and Note 22 to the Consolidated Financial Statements from page 177 to page 184 respectively.

## Dividend and earnings per share

The Board recommended not to distribute dividends for the year.

Details of dividends and earnings per share are set out in Notes 17 and 18 to the Consolidated Financial Statements on page 168 to page 169.

## Relationship with employees

Since employees are the foundation for development, the Group adheres to the "people-oriented" principle in its human resources management and practice equal employment opportunities and prohibit any career discrimination. The Group reviews its employees compensation policies on a regular basis and bonuses and commission may be awarded to employees based on their annual performance evaluation. Efforts have also been made to help employees in the aspects of housing, transportation and children education, etc.



## Report of the Directors

### Relationship with suppliers and customers

The Group strives to build and maintain long term and strong relationships with customers. The Group has established a customer satisfaction management system with a view to understand and fulfil customers' demands and enhance their satisfaction. In terms of suppliers, the Group's objective is to keep mutually beneficial and win-win partnerships with all suppliers. At the same time, the Group regularly evaluates the performance of our suppliers including suppliers' social responsibility.

### Reserves

Movements in reserves during the Year are set out in Note 33(b) to the Consolidated Financial Statements from page 196, among which distributable reserves attributable to the shareholders amounted to approximately RMB7.111 billion.

### Property, plant and equipment

Details of movements in property, plant and equipment during the Year are set out in Note 19 to the Consolidated Financial Statements from page 170 to page 172.

### Donation

During the Year, the Company and its subsidiaries have made charitable and relief donations of approximately RMB595 thousand.

### Number of shareholders

Details of the shareholders as recorded in the register of members of the Company as at 31 December 2016 were as follows:

Total number of shareholders	225,669
Holders of domestic shares	225,097
Holders of H shares	572

### Share capital

As at 31 December 2016, total share capital of the Company amounted to 13,310,037,578 shares, divided into 13,310,037,578 shares of a nominal value of RMB1.00 each. Movements in share capital during the Year are set out in Note 32 to the Consolidated Financial Statements from page 193.

### Share capital structure

As at 31 December 2016, total number of shares issued by the Company was 13,310,037,578. The Company's shareholders were CDC, Tianjin Jinneng Investment Company, Hebei Construction & Investment Group Co., Ltd., Beijing Energy Holding Co., Ltd., and other holders of A shares and H shares, holding 4,138,977,414 A shares, 1,296,012,600 A shares, 1,281,872,927 A shares, 1,260,988,672 A shares, 2,016,508,387 A shares and 3,315,677,578 H shares, respectively, representing 31.10%, 9.74%, 9.63%, 9.47%, 15.15% and 24.91%, respectively, of the issued share capital of the Company.

CDC's controlling subsidiary, China Datang Overseas (Hong Kong) Company Limited, held 480,680,000 H shares; CDC and its parties acting in concert acquired 8,738,600 A shares of the Company on 9 July 2015, and therefore CDC and its subsidiaries held a total of 4,628,396,014 shares in the Company, representing 34.77% of the total share capital of the Company.





## Substantial shareholders of the Company

So far as the Directors of the Company are aware, as at 31 December 2016, the interests or short positions of the persons in the shares or underlying shares of the Company as required to be disclosed under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong), were as follows:

Name of Shareholder	Class of Shares	No. of Shares Held	Approximate Percentage to Total Issued Share Capital of the Company (%)	Approximate Percentage to Total Issued A Shares of the Company (%)	Approximate Percentage to Total Issued H Shares of the Company (%)
CDC	A shares	4,138,977,414	31.10	41.41	/
	A shares	8,738,600	0.07	0.09	/
	H shares	480,680,000 (L)	3.61(L)	/	14.50 (L)
Tianjin Jinneng Investment Company	A shares	1,296,012,600	9.74	12.97	/
Hebei Construction & Investment Group Co., Ltd.	A shares	1,281,872,927	9.63	12.83	/
Beijing Energy Holding Co., Ltd.	A shares	1,260,988,672	9.47	12.62	/

(L) = Long Position      (S) = Short Position      (P) = Lending Pool

## Interests of directors and supervisors in share capital

As of 31 December 2016, none of the Directors, supervisors and chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (as defined in SFO) that were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong

Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned in the SFO pursuant to section 352 of the SFO or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").



# Report of the Directors

## Change in Directors' Information

Name of Director	Details of change
Jiang Fuxiu	He ceased to be an independent director of Lancy Co., Ltd. (朗姿股份有限公司) (002612.SZ) from November 2016.
Feng Genfu	He has served as an independent director of Hubei Biocause Pharmaceutical Co., Ltd. (天茂實業集團股份有限公司) (000627.SZ) since May 2016; He has served as an independent director of Changchai Co., Ltd. (常柴股份有限公司) (000570.SZ) since October 2016.
Liu Quancheng	He has served as a director of Datang Huayin Electric Power Co., Ltd. (大唐華銀電力股份有限公司) (600744.SH) since June 2016.
Liang Yongpan	He has served as a director of Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) (1272.HK) since April 2016; He has served as a director of China Datang Corporation Renewable Power Co., Limited 中國大唐集團新能源股份有限公司 (1798.HK) since June 2016.

The above information is disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Directors' and supervisors' service contracts

As at 31 December 2016, the Company has not entered into any service contracts with its Executive Directors. Therefore, none of the Directors and supervisors has or proposed to have any service contracts with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### Directors and supervisors

Please refer to the "Human Resources Overview" for details of the Directors and supervisors during the Year and up to the date of this report (unless otherwise stated).

### Interests of directors and supervisors in contracts

No contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party, and in which any Director or supervisor had a

material interest, either directly or indirectly, were entered into within the settlement date of the Year or anytime during the Year, and subsisted at the end of the Year or during the Year.

### Directors' and supervisors' benefits from rights to acquire shares or debentures

No arrangements were made by the Company or its subsidiaries at any time during the Year for any Director or supervisor to acquire any shares in or debentures of the Company or any of its subsidiaries.

### Interests of substantial shareholders in contracts

Save as disclosed in this annual report, none of the Company or its subsidiaries have entered into any material contracts or material service contracts with the Company's substantial shareholders or its subsidiaries.



## Equity-linked agreement

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

## Highest paid individuals

During the Year, the Group ran a basic salary system on the basis of position-points salary distribution for the Company's Directors, supervisors and members of senior management, and in accordance with the method of appraisal management, "overall accountability management and all-staff performance appraisal", to conduct appraisal. The Remuneration and Appraisal Committee reviewed the work performance and remuneration level of each individual.

All of the highest paid individuals of the Company during the Year were Directors or senior management. Details of their remunerations are set out in Note 14 and Note 15(c) to the Consolidated Financial Statements from page 163 to page 166.

## Purchase, sale or redemption of the Company's listed securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries during the Year.

## Bank borrowings, overdrafts and other borrowings

Apart from the loans from China Datang Group Finance Company Limited, short-term bank loans, other short-term loans, long-term bank loans, other long-term loans, short-term bonds and long-term bonds are set out in Note 42, Note 35, Note 43 and Note 36 to the Consolidated Financial Statements from page 210 to page 211, and page 199 to page 203, respectively, there were no other loans of the Company and its subsidiaries as at 31 December 2016.

## Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association and applicable PRC Laws that require the Company to offer new shares to the existing shareholders in proportion to their shareholdings.



## Report of the Directors

### Connected Transactions

During the Year, the Company or its subsidiaries carried out the following major continuing connected transactions (as defined in Chapter 14A of the Listing Rules) with its connected persons as defined under the Listing Rules, and such transactions were in compliance with the requirements on connected transactions under Chapter 14A of the Listing Rules.

Currency: RMB Unit: '000

No.	Connected Party	Major Terms of Transaction	Amount
1	China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd.	Purchase of production materials	1,293,812
2	China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd.	Purchase of engineering equipment	66,053
3	Datang Environment Industry Group Co., Ltd.	Electricity fee of desulfurisation and denitrification	1,229,561
4	Datang Environment Industry Group Co., Ltd.	Material fee of desulfurisation and denitrification	255,567
5	Jiangsu Xutang Power Generation Co., Ltd.	Revenue from sales of substitutive power generation	201,137
6	China Datang Group Finance Co., Ltd.	Interest income	46,118
7	China Datang Group Finance Co., Ltd.	Interest expense	259,612
8	Beijing Datang Fuel Co., Ltd.	Fuel purchase	10,410,636
9	Inner Mongolia Datang Fuel Co., Ltd.	Fuel purchase	2,420,616
10	Chaozhou Datang Fuel Company Limited (to Datang International (Hong Kong) Limited)	Fuel purchase	43,808
11	Guangdong Datang International Chaozhou Power Generation Company Limited (to Datang International (Hong Kong) Limited)	Fuel purchase	188,764
12	Inner Mongolia Datang International Xilinhaote Company Limited	Fuel purchase	85,613
13	Inner Mongolia Datang International Keshiketeng Coal-based Gas Company Limited (from Datang Energy and Chemical Marketing Company Limited)	Chemical products purchase	908,388
14	Inner Mongolia Datang International Keshiketeng Coal-based Gas Company Limited (to Datang Energy and Chemical Marketing Company Limited)	Purchase of materials	17,372
15	Datang Inner Mongolia Duolun Coal Chemical Company Limited (from Datang Energy and Chemical Marketing Company Limited)	Sale of materials	724,470
16	Jiangsu Datang International Lvsigang Power Generation Company Limited (to Jiangsu Datang Shipping Company Limited)	Service fee of coal transportation	44,615
17	Guangdong Datang International Chaozhou Power Generation Company Limited (to Jiangsu Datang Shipping Company Limited)	Service fee of coal transportation	73,037
18	Datang Electric Power Fuel Company Limited	Fuel purchase	160,816
19	Datang Finance Leasing Company Limited	Financial lease	400,000
20	Shanghai Datang Financial Lease Co., Ltd.	Financial lease	1,590,000
21	China Datang Corporation Science and Technology Research Institute Company Limited	Technical service	78,063
22	Inner Mongolia Datang Fuel Co., Ltd.	Fuel sale	125



For related party transactions disclosed in note 48 of the consolidated financial statements which constituted connected transaction under the Listing Rules, the Company has complied with all the relevant requirements under Chapter 14A of the Listing Rules.

## I. Continuing Connected Transactions in 2016

1. On 31 October 2012, certain power plants of the Company, including Zhangjiakou Power Plant (a power plant directly managed and owned by the Company, "Zhangjiakou Power Plant"), Guangdong Datang International Chaozhou Power Generation Company Limited (a subsidiary in which the Company and CDC hold equity interest of 52.5% and 22.5%, respectively, "Chaozhou Power Generation Company"), and Jiangsu Datang International Lvsigang Power Generation Company Limited (a subsidiary in which the Company and CDC held equity interest of 55% and 35%, respectively, "Lvsigang Power Generation Company") (collectively, "Certain Power Plants of the Company"), entered into the Franchising Contract with China Datang Environmental Technology Co. Ltd. ("Datang Environment Company"), a wholly-owned subsidiary of CDC. Pursuant to the Franchising Contract, these Certain Power Plants of the Company authorised Datang Environment Company to carry out franchising in respect of the desulfurisation assets of the corresponding coal-fired power generating units and operate, maintain and manage the desulfurisation assets during the franchise period. Datang Environment Company shall enjoy desulfurisation tariffs and relevant preferential policies of the PRC and shall reimburse and compensate each of the Certain Power Plants of the Company for the costs incurred for desulfurisation, including water, electricity and gas, in

accordance with the relevant requirements on desulfurisation franchising in the State. The implementation of franchising for desulfurisation projects by Certain Power Plants of the Company could effectively revitalise the desulfurisation assets in stock of the Company, while the proceeds of transferring the desulfurisation assets could be used to finance the construction and operation of the enterprises, repay or substitute new bank loans, and effectively ease the financial pressure of the Company and reduce the Company's liability-to-asset ratio, thereby enhancing the profitability and the capacity of sustainable development for the Company. Meanwhile the professional management advantage of Datang Environment Company could be brought into full play, the operational efficiency of the desulfurisation facilities could be enhanced, and the risks concerning environmental protection could be reduced, and the operational costs of the Company could be saved. During 2015, Datang Environment Company changed its name to Datang Environment Industry Group Company Limited ("Datang Environment Industry Company"). For the year ended 31 December 2016, it charged a total of approximately RMB298.09 million, of which approximately RMB424.59 million for desulfurization tariff and approximately RMB126.50 million for the costs incurred for desulfurisation including water, electricity and gas, respectively, which did not exceed the annual cap as set out in the agreement (RMB540 million and RMB166 million, respectively). For details of the transaction, please refer to the announcement of the Company dated 10 February 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.



## Report of the Directors

2. CDC is the controlling shareholder of China Datang Group Finance Co., Ltd. ("Datang Finance Company") and holds 71.8% of its equity interest. On 15 October 2013, the Company and Datang Finance Company entered into the Financial Services Agreement with a term commencing from 1 January 2014 to 31 December 2016. Pursuant to the agreement, Datang Finance Company agreed to provide the Company and its subsidiaries with deposit services, loan services and other financial services, and the daily balance of the deposits of the Company and its subsidiaries with Datang Finance Company should not exceed RMB12,000 million. The entering into of the agreement to secure loans and other financing services at interest rates lower than those in the market, assisted in improving the overall standard of capital operation of the Company and in enhancing the Group's bargaining power to negotiate external financing. The entering into of the Financial Services Agreement also enabled the Company to secure higher than market interest rates for deposits and enjoy payment and settlement services at zero rate, thereby increasing interest revenue from deposits and saving settlement costs. Meanwhile, pursuant to the Financial Services Agreement, the Group could strengthen its funds control and accounts management through the funds management platform of Datang Finance Company, thereby further improving the efficiency of fund applications, and mitigating and avoiding financial risks. During the term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. As of 31 December 2016, the balance of deposits of the Company and its subsidiaries with Datang Finance Company was approximately RMB4,403 million. For details of the transaction, please refer to the announcement of the Company dated 15 October 2013. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
3. On 27 February 2015, the Company entered into the Substitutive Power Generation Framework Agreement with CDC. In accordance with the relevant requirements relating to the standards of substitution of power generation, CDC and its relevant power plants or subsidiaries agreed to appoint the power plants or subsidiaries of the Company to substitute the power generation units of CDC and its relevant power plants or subsidiaries to carry out power generation work in Jiangsu, Jingjintang and Shanxi regions of the PRC. It was expected that the maximum aggregate annual transaction amount receivable by the Company for each of the three years ended 31 December 2015, 31 December 2016 and 31 December 2017 would not exceed RMB800 million. The purpose of the transaction was to fully utilise the planned generation target of the shut-down generating units, and the advantages in large generating units with high efficiency, low energy consumption and low emissions discharge to improve the Company's profit margins. The relevant transactions were able to achieve the purpose of a win-win situation for both parties, and were in the interests of the Company's shareholders and the interests of the parties to the transaction as a whole. During the term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For the year ended 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB201.14 million. For details of the transaction, please refer to the announcement of the Company dated 27 February 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
4. On 31 December 2015, the Company entered into the Coal Purchase and Sale Framework Agreement with Beijing Datang Fuel Company Limited ("Beijing Datang Fuel Company"), a subsidiary in which the Company and Datang Electric Power



Fuel Company Limited, a wholly-owned subsidiary of CDC, held 51% and 49% equity interest, respectively. The Company agreed to purchase coal from Beijing Datang Fuel Company with maximum aggregate annual transaction amount of approximately RMB13,712 million for a term of one year commencing from 1 January 2016 to 31 December 2016. The purpose of the transaction was primarily to secure coal supply to the Company and the power generation enterprises of its subsidiaries, and fully leverage from advantages in terms of supply and economy-of-scale of purchase of specialised fuel management companies, so as to stabilise the market prices of coal to a certain extent, thereby exercising control over the costs of fuel and mitigating the adverse impact of changes in the coal market on the Company and its subsidiaries. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB10,411 million. The transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

5. On 31 December 2015, the Company entered into the Coal Purchase and Sale Framework Agreement with Inner Mongolia Datang Fuel Company Ltd. ("Inner Mongolia Fuel Company"), a wholly-owned subsidiary of Beijing Datang Fuel Company. Pursuant to the agreement, the Company agreed to purchase coal from Inner Mongolia Fuel Company with maximum aggregate annual transaction amount of approximately RMB3,239 million for a term of one year commencing from 1 January 2016 to 31 December 2016. The purpose of the transaction was primarily to secure coal supply to the Company and the power

generation enterprises of its subsidiaries, and fully leverage the advantages in terms of supply and economy-of-scale of purchase of these specialised fuel management companies, so as to stabilize the market prices of coal to a certain extent, thereby exercising control over the costs of fuel and mitigating the adverse impact of changes in the coal market on the Company and its subsidiaries. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB2,421 million. The abovementioned transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

6. On 31 December 2015, the Company entered into the Coal Purchase and Sale Framework Agreement with Inner Mongolia Datang International Xilinhaote Mining Company Limited ("Xilinhaote Mining Company"), a subsidiary in which the Company and China Datang Coal Industry Co., Ltd., a wholly-owned subsidiary of CDC, held 60% and 40% equity interest, respectively. Pursuant to the agreement, the Company agreed to purchase coal from Xilinhaote Mining Company with maximum aggregate annual transaction amount of approximately RMB308 million for a term of one year commencing from 1 January 2016 to 31 December 2016. The purchase of coal by the Company and its subsidiaries from Xilinhaote Mining Company was to secure coal supply to the Company and its power generation enterprises, and to fully leverage from the advantages in terms of supply and economy-of-scale of purchase of a specialised coal company, thereby exercising control over the costs of fuel and at the same time, increased the operating revenue of Xilinhaote Mining Company and the Company's self-sufficiency rate of



## Report of the Directors

coal for production. On 31 August 2016, the Company has completed the transfer of Xilinhaote Mining Company. As of 31 August 2016, the actual aggregate annual amount of the abovementioned transaction was approximately RMB85.61 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

7. On 31 December 2015, Jiangsu Datang Shipping Company Limited (“Shipping Company”), a wholly-owned subsidiary of the Company, entered into the Framework Agreement in relation to Transportation Business with Lvsigang Power Generation Company and Chaozhou Power Generation Company, respectively:

- (1) Shipping Company and Lvsigang Power Generation Company entered into the Lvsigang Shipping Framework Agreement, pursuant to which Shipping Company agreed to provide coal transportation service to Lvsigang Power Generation Company with a maximum aggregate annual transaction amount of approximately RMB45 million for a term of one year commencing from 1 January 2016 to 31 December 2016. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB44.61 million.
- (2) Shipping Company and Chaozhou Power Generation Company entered into the Chaozhou Shipping Framework Agreement, pursuant to which Shipping Company agreed to provide coal transportation service

to Chaozhou Power Generation Company with a maximum aggregate annual transaction amount of approximately RMB112.5 million for a term of one year commencing from 1 January 2016 to 31 December 2016. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB73.04 million.

The purposes of the agreements were to ensure the fuel supply to the coastal power generation enterprises of the Company, and that the Shipping Company could arrange transportation in a more timely and rapid manner according to the fuel demand from the power generation enterprises of the Company. During the term of the agreements, the transaction amounts did not exceed the annual cap as set out in the agreements. For details of the transactions, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

8. On 31 December 2015, Datang International (Hong Kong) Limited (“Hong Kong Company”), a wholly-owned subsidiary of the Company, entered into the Coal Purchase and Sale Framework Agreement with certain subsidiaries of the Company:

- (1) Hong Kong Company entered into the Coal Purchase and Sale Framework Agreement with Chaozhou Datang Fuel Company Limited (“Chaozhou Fuel Company”), pursuant to which Hong Kong Company agreed to sell coal to Chaozhou Fuel Company with a maximum aggregate annual transaction amount of approximately RMB589 million for a term of one year commencing from





1 January 2016 to 31 December 2016. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB43.81 million. During the term of the agreement, the transaction amount did not exceed the annual cap set out in the agreement.

- (2) Hong Kong Company entered into the Coal Purchase and Sale Framework Agreement with the Company, pursuant to which Hong Kong Company agreed to sell coal to Lvsigang Power Generation Company and Chaozhou Power Generation Company with a maximum aggregate annual transaction amount of approximately RMB200 million for a term of one year commencing from 1 January 2016 to 31 December 2016. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB189 million. During the term of the agreement, the transaction amounts did not exceed the annual cap as set out in the agreement.

The above transactions were primarily for leveraging from the advantage of the Hong Kong Company in imported coal purchasing, in order to guarantee the coal supply of the subsidiaries of the Company as well as to lower the purchasing cost of coal, and to increase the business revenue of the Hong Kong Company at the same time. For details of the transactions, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

9. On 29 December 2015, the Company and China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. ("China Water Resources and Power Company"), a wholly-owned subsidiary

of CDC, entered into the Framework Agreement for Engineering Materials Purchase which was effective from 1 January 2016 to 31 December 2016. The continuing connected transactions contemplated under the Framework Agreement for Engineering Materials Purchase were subject to an annual cap of RMB1.9 billion (including the purchase costs for the machinery, equipment and materials of construction projects and the management service fees payable to China Water Resources and Power Company) for the year ended 31 December 2016. Pursuant to the agreement, according to the actual demands of the Company and its subsidiaries, China Water Resources and Power Company would conduct tender of materials purchase in accordance with the relevant laws and regulations of the State. Pursuant to the tender results, the Company and its subsidiaries would enter into specific purchase contracts with China Water Resources and Power Company in connection with the centralised purchase of machinery, equipment and materials required for project construction. The entering into and implementation of the agreement were to fully leverage on the role of China Water Resources and Power Company as a professional institution in sourcing machinery, equipment and materials of construction projects, and to leverage on the advantage of bulk purchasing, in order to enhance purchase quality, lower purchase costs, thereby enhancing the profitability of the Company. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB1,293.81 million. During the term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 29 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.



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10. On 2 February 2016, the Company and China Water Resources and Power Company, entered into the Framework Agreement for Production Materials Purchase which was effective from 2 February 2016 to 31 December 2016. The continuing connected transactions contemplated under the Framework Agreement for Production Materials Purchase were subject to an annual cap of RMB800 million for the year ended 31 December 2016. Pursuant to the agreement, according to the actual demands of the Company and its subsidiaries, China Water Resources and Power Company would conduct tender of materials purchase in accordance with the relevant laws and regulations of the State. Pursuant to the tender results, the Company and its subsidiaries would enter into specific purchase contracts with China Water Resources and Power Company in connection with the centralised purchase of machinery, equipment and materials required for technological transformation projects. The entering into and implementation of the agreement were to fully leverage on the role of China Water Resources and Power as a professional institution in sourcing the machinery, equipment and materials of technological transformation projects, and to leverage the bulk purchase advantage, enhance purchase quality and lower purchase costs, thereby enhancing the profitability of the Company. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB66.05 million. During the term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 2 February 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
11. On 22 January 2015, Lvsigang Power Generation Company entered into the Franchising Contract with Datang Technology Industry Company. Pursuant to such contract, Lvsigang Power Generation Company authorised Datang Technology Industry Company to carry out franchising in respect of the Denitrification Assets of the corresponding coal-fired power generating units and operate, maintain and manage the denitrification facilities during the franchise period. During the franchise period, Datang Technology Industry Company shall be entitled to the revenue from the denitrification tariffs and shall reimburse and compensate Lvsigang Power Generation Company for the costs incurred for denitrification, including water, electricity and gas. The implementation of franchising for denitrification projects by Lvsigang Power Generation Company can effectively revitalise the Denitrification Assets in stock of the Company, while the proceeds of transferring the Denitrification Assets can be used to finance corporate development and operation, repaying or substituting new bank loans, and effectively ease the financial pressure of the Company and reduce the Company's liability-to-asset ratio. Meanwhile the professional management advantage of Datang Technology Industry Company can be brought into full play, the operational efficiency of the denitrification facilities can be enhanced, the risks concerning environmental protection can be reduced, and the operational costs of the Company can be saved. During 2015, Datang Technology Industry Company changed its name into Datang Environment Industry Company. For the year ended 31 December 2016, Datang Environment Industry Company received approximately RMB91.09 million as denitrification service fee, of which denitrification electricity fee was approximately RMB100.63 million,



and the fee for water, electricity and gas, etc. needed by denitrification was approximately RMB9.54 million, not exceeding the annual cap as set out in the agreement (being RMB120.00 million (exclusive of tax) and RMB16.00 million (exclusive of tax), respectively). For details of the transaction, please refer to the announcement of the Company dated 22 January 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

12. On 30 June 2015, certain power plants of the Company, including Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited ("Zhangjiakou Thermal Power Company", a wholly-owned subsidiary of the Company), Guangdong Datang International Chaozhou Power Generation Company Limited, Hebei Datang International Wangtan Power Generation Company Limited ("Wangtan Power Generation Company", a 70% owned subsidiary of the Company), Inner Mongolia Datang International Tuoketuo Power Generation Company Limited ("Tuoketuo Power Company", a 60% owned subsidiary of the Company), and Inner Mongolia Datang International Tuoketuo No. 2 Power Generation Company Limited ("Tuoketuo No. 2 Power Generation Company", a 40% owned subsidiary of the Company and a 20% owned subsidiary of CDC) (collectively, "Certain Power Plants of the Company"), entered into the Franchising Contracts with Datang Technology Industry Company, respectively. Pursuant to such contracts, Certain Power Plants of the Company authorised Datang Technology Industry Company to carry out franchising in respect of the Desulfurisation Assets or Denitrification Assets of the corresponding coal-fired power generating units and operate, maintain and manage the desulfurisation or denitrification facilities during the franchise period. During the franchise period, Datang Technology

Industry Company shall be entitled to the revenue from the desulfurisation or denitrification tariffs and shall reimburse and compensate Certain Power Plants of the Company for the costs incurred for desulfurisation or denitrification, including water, electricity and gas. The implementation of franchising for desulfurisation and denitrification projects by Certain Power Plants of the Company can effectively revitalise the Desulfurisation Assets and Denitrification Assets in stock of the Company, while the proceeds of transferring the Desulfurisation Assets and Denitrification Assets can be used to finance corporate development and operation, repaying or substituting new bank loans, and effectively ease the financial pressure of the Company and reduce the Company's liability-to-asset ratio. Meanwhile, the professional management advantage of Datang Technology Industry Company can be brought into full play, the operational efficiency of the desulfurisation and denitrification facilities can be enhanced, the risks concerning environmental protection can be reduced, and the operational costs of the Company can be saved. During 2015, Datang Technology Industry Company changed its name to Datang Environment Industry Company. For the year ended 31 December 2016, Datang Environment Industry Company received approximately RMB363.68 million in aggregate as desulfurization and denitrification service fees, of which desulfurisation or denitrification electricity fee was approximately RMB444.90 million, and the fee for water, electricity and gas, etc. needed by desulfurisation and denitrification was approximately RMB81.22 million, not exceeding the annual cap as set out in the agreement (being RMB601.58 million and RMB107.71 million, respectively). For details of the transaction, please refer to the announcement of the Company dated 30 June 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.



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13. On 11 September 2015, the Company entered into the Leasing and Factoring Business Cooperation Agreement with Shanghai Datang Finance Leasing Company Limited (“Shanghai Datang Leasing Company”), a holding subsidiary of the CDC, pursuant to which, Shanghai Datang Leasing Company shall provide support on financial leasing and factoring business to the Company and its subsidiaries with a principal of not exceeding RMB10.0 billion for every 12 months from the effective date of the agreement for a term of 36 months from the date of entering into the agreement. Relevant arrangements under the Leasing and Factoring Business Cooperation Agreement are beneficial to the Company to obtain financing support and relevant financing services at a lower-than-market interest rate, so as to further lower its capital costs; and to further strengthen the Company’s and relevant unit’s negotiation power when deploying the financial leasing business with other leasing companies. Meanwhile, Shanghai Datang Leasing Company would be able to develop a deeper understanding in the operation of the Company and relevant units, which in turn would be able to provide more convenient, effective and efficient financial leasing as well as factoring products design services to the Company when compared to those services provided by other financial leasing companies. As of 31 December 2016, the actual annual amount incurred was approximately RMB1,590 million and did not exceed the cap as set out in the agreement. For details of the agreement, please refer to the announcement of the Company dated 11 September 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
14. On 30 October 2015, certain power generation companies of the Company, including Shanxi Datang International Shentou Power Generation Company Limited (in which the Company held 60% equity shares), Tianjin Datang International Panshan Power Generation Company Limited (in which the Company held 75% equity shares, “Panshan Power Company”) and Zhejiang Datang International Wushashan Power Generation Company Limited (in which the Company held 51% equity shares, “Wushashan Power Company”) (collectively, “Certain Power Plants of the Company”) entered into the Franchising Contracts with relevant project based branches and subsidiaries of Datang Environment Industry Company, respectively. Pursuant to such contracts, Certain Power Plants of the Company authorised Datang Environment Industry Company to carry out franchising in respect of the Desulfurisation Assets or Denitrification Assets of the corresponding coal-fired power generating units and operate, maintain and manage the desulfurisation or denitrification facilities during the franchise period. During the franchise period, Datang Environment Industry Company shall be entitled to the revenue from the desulfurisation or denitrification tariffs and shall reimburse and compensate Certain Power Plants of the Company for the costs incurred for desulfurisation or denitrification, including water, electricity and gas. The implementation of franchising for desulfurisation and denitrification projects by Certain Power Plants of the Company can effectively revitalise the Desulfurisation Assets and Denitrification Assets in stock of the Company, while the proceeds of transferring the Desulfurisation Assets and Denitrification Assets can be used to finance corporate development and operation, repaying or substituting new bank loans, and effectively ease the financial pressure of the Company and reduce the Company’s liability-to-asset ratio. Meanwhile, the professional management advantage of Datang Environment Industry Company can be brought into full play, the operational efficiency of the desulfurisation and denitrification facilities



can be enhanced, and the risks concerning environmental protection can be reduced, and the operational costs of the Company can be saved. For the year ended 31 December 2016, Datang Environment Industry Company received approximately RMB221.13 million as desulfurisation and denitrification service fees, of which desulfurisation or denitrification electricity fee was approximately RMB259.43 million, and the fee for water, electricity and gas, etc. needed by desulfurisation and denitrification was approximately RMB38.30 million, not exceeding the annual cap as set out in the agreement (being RMB315 million and RMB52 million, respectively). For details of the transaction, please refer to the announcement of the Company dated 2 November 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

15. On 25 April 2014, Datang Energy and Chemical Marketing Company Limited ("Energy and Chemical Marketing Company"), a wholly-owned subsidiary of Datang Energy and Chemical Company Limited ("Datang Energy and Chemical Company"), which is a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement of Chemical Products and Materials with certain branch companies and subsidiaries of the Company. Pursuant to the agreement, upon expiration of the term of the agreement on 31 December 2015 where no change is to be made by the parties to the terms of the agreement, it shall be extended for one year automatically. The continuing connected transactions to be implemented are set out below:
  - (1) Energy and Chemical Marketing Company purchased natural gas and chemical products from and sold chemical materials to Inner Mongolia Datang International

Keshiketeng Coal-based Gas Company Limited ("Keqi Coal-based Gas Company", in which Datang Energy and Chemical Company, a wholly-owned subsidiary of the Company, and CDC, held 51% and 10% equity interest, respectively), a non wholly-owned subsidiary of Datang Energy and Chemical Company. Energy and Chemical Marketing Company extended the term of the Framework Agreement of Sale of Natural Gas with Keqi Coal-based Gas Company, pursuant to which, Energy and Chemical Marketing Company agreed to purchase natural gas from Keqi Coal-based Gas Company with an annual cap for aggregate transaction amount of approximately RMB3.075 billion for a term commencing from 1 January 2016 to 31 December 2016. On 31 August 2016, the Company has completed the transfer of Datang Energy and Chemical Company. As of 31 August 2016, the actual aggregate annual amount of the transaction was approximately RMB908 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement.

Energy and Chemical Marketing Company extended the term of the Sale and Purchase Contract of Chemical Products with Keqi Coal-based Gas Company, pursuant to which, Energy and Chemical Marketing Company agreed to purchase chemical products from Keqi Coal-based Gas Company with an annual cap for aggregate transaction amount of approximately RMB296 million for a term commencing from 1 January 2016 to 31 December 2016. As



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of 31 August 2016, no relevant transaction has been carried out. Energy and Chemical Marketing Company extended the term of the Procurement Contract of Chemical Products with Keqi Coal-based Gas Company, pursuant to which, Energy and Chemical Marketing Company agreed to sell chemical materials to Keqi Coal-based Gas Company with an annual cap for aggregate transaction amount of approximately RMB125 million for a term commencing from 1 January 2016 to 31 December 2016. As of 31 August 2016, the actual aggregate annual amount of the transaction was approximately RMB17.37 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement.

- (2) Energy and Chemical Marketing Company purchased chemical products from, and sold chemical materials to, Datang Inner Mongolia Duolun Coal Chemical Company Limited (“Duolun Coal Chemical Company”, in which Datang Energy and Chemical Company and CDC held 60% and 40% equity interest, respectively), a subsidiary of Datang Energy and Chemical Company.

Energy and Chemical Marketing Company extended the term of the Sale and Purchase Contract of Chemical Products with Duolun Coal Chemical Company, pursuant to which, (i) Energy and Chemical Marketing Company agreed to purchase chemical products from Duolun Coal Chemical Company with an annual cap for aggregate transaction amount of approximately RMB3.7 billion; (ii) Energy and Chemical Marketing Company agreed to sell chemical materials to Duolun Coal Chemical Company with an annual cap for

aggregate transaction amount of approximately RMB1.047 billion for a term commencing from 1 January 2016 to 31 December 2016. As of 31 August 2016, the actual aggregate annual amount of the transaction was approximately RMB724 million. During the term of the agreements, the transaction amount did not exceed the annual cap as set out in the agreements.

For details of the transactions, please refer to the announcement of the Company dated 22 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

16. On 2 February 2016, the Company entered into the Technical Monitoring Framework Agreement with China Datang Corporation Science and Technology Research Institute Company Limited (“Datang Research Institute”), a wholly-owned subsidiary of CDC, pursuant to which Datang Research Institute shall provide technical monitoring and technical service work to certain power generation enterprises of the Company with a term from 2 February 2016 to 31 December 2016. The annual cap of the transaction amount is approximately RMB120 million. For details, please refer to the announcement of the Company dated 2 February 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

Pursuant to the agreement, Datang Research Institute shall provide technical monitoring and technical service work which includes but not limited to the 10 Technology Supervision and 5 Technology Management services, and shall provide technical support and guidance in respect of technical difficulties. By engaging Datang Research Institute to undertake the technical monitoring and technical service work of the Company, the Company would be able to enhance the



level of standardisation, formalisation and professional management of its technical monitoring, thereby better ensuring the safe and efficient operation of its power generation business. As of 31 December 2016, the actual annual amount incurred was approximately RMB78.06 million. During the term of the agreement, the transaction amount did not exceed the cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 2 February 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

17. On 8 June 2016, Datang Electric Power Fuel Co., Ltd. ("Datang Fuel Company"), a wholly-owned subsidiary of CDC, entered into the Coal Purchase and Sale Framework Agreement with Jiangxi Datang International Fuzhou Power Generation Co., Ltd. ("Fuzhou Power Generation Company"), pursuant to which, Datang Fuel Company agreed to sell coal to Fuzhou Power Generation Company with a maximum aggregate transaction amount of approximately RMB700 million for a term commencing from 8 June 2016 to 31 December 2016. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB161 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 8 June 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
18. On 1 September 2016, the Company entered into the Financial Cooperation Agreement with Datang Finance Leasing Company Limited ("Datang Lease Company"), a non wholly-owned subsidiary of CDC, pursuant to which, the Company shall conduct certain financial leasing

arrangements with a transaction amount not exceeding RMB5.0 billion per year with Datang Lease Company for a term of three years commencing from 1 September 2016 to 31 August 2019. The maximum annual transaction amount under the Financial Cooperation Agreement was RMB5.0 billion for every 12 months commencing from 1 September 2016. The entering into of finance leasing arrangements under the Financial Cooperation Agreement enables the Company to further reduce its overall capital costs; with the gradual expansion of finance leasing business among Datang Lease Company, the Company and the relevant units can relieve the passive situation of the finance leasing business of the Company and the relevant units in the past and further enhance the bargaining power of the Company and the relevant units when conducting finance leasing business with other leasing companies. Meanwhile, Datang Lease Company would be able to develop a deeper understanding in the operation of the Company and relevant units, which in turn would be able to provide more convenient, effective and efficient finance leasing and factoring products design services for the Company when compared to those services provided by other leasing companies. As of 31 December 2016, the actual aggregate annual transaction amount incurred was approximately RMB400 million and did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 1 September 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

19. On 6 September 2016, Inner Mongolia Baoli Coal Company Limited ("Baoli Coal Company") entered into the Coal Purchase and Sale Framework Agreement with Inner Mongolia Datang Fuel Company Ltd. ("Inner Mongolia Fuel Company"), pursuant to which, Inner Mongolia Fuel Company agreed to purchase coal from



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Baoli Coal Company with a maximum aggregate transaction amount of approximately RMB120 million for a term commencing from 6 September 2016 to 31 December 2016. The purchase of coal by Inner Mongolia Fuel Company from Baoli Coal Company mainly aims to further expand coal sources and secure coal supply to the Company and the power generation enterprises of its subsidiaries, and is beneficial for the adjustment to coal structure of the Company and the power generation enterprises of its subsidiaries, so as to control operating costs and enhance profitability. As of 31 December 2016, the actual aggregate annual amount of the abovementioned transaction was approximately RMB0.125 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 6 September 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

20. Other continuing connected transactions that have not been carried out

(1) On 31 December 2015, Hong Kong Company entered into the Coal Purchase and Sale Framework Agreement with Beijing Datang Fuel Company, pursuant to which Hong Kong Company agreed to sell coal to Beijing Datang Fuel Company with a maximum aggregate annual transaction amount of approximately RMB140 million for a term of one year commencing from 1 January 2016 to 31 December 2016. As of 31 December 2016, no relevant transaction has been carried out. For details of the transaction, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

(2) On 31 December 2015, Datang Fuel Company and Beijing Datang Fuel Company entered into the Coal Purchase and Sale Framework Agreement, pursuant to which Datang Fuel Company agreed to sell coal to Beijing Datang Fuel Company with a maximum aggregate annual transaction amount of approximately RMB353 million for a term commencing from 1 January 2016 to 31 December 2016. The purpose of the transaction is primarily for fully leveraging on the advantages in terms of procurement of Beijing Datang Fuel Company, securing coal supply to the Company and the power generation enterprises of its subsidiaries, and is beneficial for the adjustment of coal structure of the Company and the power generation enterprises of its subsidiaries, so as to control operating costs and enhance profitability. As of 31 December 2016, no relevant transaction has been carried out. For details of the transaction, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

(3) On 31 December 2015, Jiangsu Datang Shipping Company Limited ("Shipping Company") entered into the Transportation Service Framework Agreement with Beijing Datang Fuel Company, pursuant to which Shipping Company agreed to provide coal transportation service to Beijing Datang Fuel Company with a maximum aggregate annual transaction amount of approximately RMB50 million for a term of one year commencing from 1 January 2016 to 31 December 2016. The main reason for the provision of fuel transportation service by Shipping Company to Beijing Datang Fuel Company is that, as the Company





and its subsidiaries purchase coal from Beijing Datang Fuel Company and its subsidiaries, the Shipping Company can arrange transportation in a more timely and rapid manner according to the fuel demand of the power generation enterprises of the Company so as to ensure coal supply. As of 31 December 2016, no relevant transaction has been carried out. For details of the transaction, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

- (4) On 31 December 2015, the Company entered into the Coal Purchase and Sale Framework Agreement with Chaozhou Fuel Company, pursuant to which the Company and certain of its subsidiaries agreed to purchase coal from Chaozhou Fuel Company with a maximum aggregate annual transaction amount of approximately RMB598 million for a term of one year commencing from 1 January 2016 to 31 December 2016. As of 31 December 2016, no relevant transaction has been carried out. For details of the transaction, please refer to the announcement of the Company dated 31 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

## II. Other Connected Transactions in 2016

1. On 14 September 2015, Zhangjiakou Power Plant entered into “Technological Transformation Projects Contract on the Modification Project for the Ultra-low Emission for Environmental Facilities Units No. 1–8 of Zhangjiakou Power Plant” with a consortium comprising Datang Environment Industry Company and China Datang Technologies and Engineering Co., Ltd. (“Datang Engineering Company”), a controlled subsidiary of Datang Environment Industry Company, by public tender and tender evaluation, and the aggregate contract amount was approximately RMB411.66 million. The Company considered that the Company’s power plant and subsidiaries carry out the Technological Transformation Projects by way of public tender to make appointment, mainly for the purposes of ensuring the on-schedule completion of Technological Transformation Projects of Company’s subsidiaries, to fully leverage on the professional advantage of Datang Environment Industry Company and its subsidiaries, as well as to control cost to a certain extent through large scale purchasing of facilities. As of 31 December 2016, the aggregate annual transaction amount incurred was approximately RMB16.76 million. For details of the transaction, please refer to the announcement of the Company dated 14 September 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
2. On 14 December 2015, Zhangjiakou Power Plant entered into the “Contract on the EPC General Contract on Coal Mine Closure Project of Phase 2 of Zhangjiakou Power Plant of Datang International Power Generation Co., Ltd.” with Datang Environment Industry Company, by public tender and tender evaluation, and the aggregate contract amount was approximately RMB132.18689 million. The Company considered that the



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Company's power plant and subsidiaries carry out the Technological Transformation Projects by way of public tender to make appointment, mainly for the purposes of ensuring the on-schedule completion of Technological Transformation Projects of Company's subsidiaries, to fully leverage on the professional advantage of Datang Environment Industry Company and its subsidiaries, as well as to control cost to a certain extent through large scale purchasing of facilities. As of 31 December 2016, the aggregate annual transaction amount incurred was approximately RMB66.43 million. For details of the transaction, please refer to the announcement of the Company dated 14 December 2015. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

3. On 17 December 2015, Wangtan Power Generation Company and Panshan Power Company, both being controlled subsidiaries of the Company, entered into two Technological Transformation Projects Contracts with Datang Environment Industry Company; among which, the "Contract on EPC General Contracting Project of Coal Mine Closure for Hebei Datang International Wangtan Power Generation Company Limited" entered into between Wangtan Power Generation Company and Datang Environment Industry Company on 17 December 2015 with a contract amount of RMB79,498,288; and the "Contract on Modification Project of Coal Mine Closure for Tianjin Datang International Panshan Power Generation Company Limited" entered into between Panshan Power Company and Datang Environment Industry Company on 17 December 2015 with a contract amount of RMB96,455,679. As of 31 December 2016, the aggregate annual transaction amount incurred was approximately RMB83.16 million. For details of the transaction, please refer to the announcement of the Company dated 17 December 2015. Unless otherwise specified, the above-

mentioned capitalised terms shall have the same meanings as defined in such announcement.

4. On 8 March 2016, Wushashan Power Company and Datang Engineering Company entered into the "Contract on the Tube Heat Exchangers for Flue Gas of Hot Coal Water and Related Systems Construction Projects for Environmental Protection Facility Transformation Construction of Unit #3 for Zhejiang Datang International Wushashan Power Generation Company Limited" with an aggregate contract amount of approximately RMB33.2063 million. The Company and Wushashan Power Company agreed to appoint Datang Engineering Company to carry out the Technological Transformation Projects, mainly for the purposes of ensuring the on-schedule completion of Technological Transformation Projects of Wushashan Power Company, to fully leverage on their professional advantages, as well as to control cost to a certain extent through large scale purchasing of facilities. As of 31 December 2016, the aggregate transaction amount incurred was approximately RMB28.23 million. For details, please refer to the announcement of the Company dated 8 March 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
5. On 30 May 2016, Datang Tongzhou Technology Company Limited entered into the "Property Purchase and Sale Contracts" with Beijing Shangshan Hengsheng Real Estate Co., Ltd., an indirect holding subsidiary of CDC, and/or Other Group Purchasers (as the case may be) with an aggregate contractual amount of approximately RMB110.9169 million. As of 31 December 2016, the actual annual transaction amount incurred was approximately RMB105.64 million. The transaction amount did not exceed the cap as set out in the agreement. For details



of the transaction, please refer to the announcement of the Company dated 30 May 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

6. On 30 June 2016, the Company and Zhongxin Energy and Chemical entered into the "Transfer Agreement in relation to Coal-to-Chemical and the Related Project". The Company proposed to transfer its 100% equity interests in Datang Energy and Chemical Company, 100% equity interests in Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited, 100% equity interests in Inner Mongolia Datang International Xilinhaote Power Generation Company Limited, 60% equity interests in Xilinhaote Mining Company (collectively referred to as "Target Companies") and the assets of Keshiketeng Power Source Preliminary Project in Inner Mongolia (the equity interests of the aforesaid Target Companies and the assets of Keshiketeng Power Source Preliminary Project in Inner Mongolia are collectively referred to as "Transaction Targets") to Zhongxin Energy and Chemical at the consideration of RMB1 on the basis of waiving the Target Companies from repayment of certain entrusted loans provided by the Company (the maximum principal amount of such exempted entrusted loan is RMB10 billion). For details, please refer to the announcements of the Company dated 30 June 2016 and 29 August 2016 and the circular to shareholders dated 12 August 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcements and circular.
  
7. During April to June 2016, various technological transformation projects contracts were entered into between certain subsidiaries of the Company and Datang Environment Industry Company, a controlled subsidiary of CDC, by public tender and tender evaluation:

- (1) The General Contracting of the Flue Gas Ultra-low Emission Transformation for No. 2 Generating Unit of Shanxi Datang International Linfen Thermal Power Company Limited entered into between Shanxi Datang International Linfen Thermal Power Company Limited ("Linfen Thermal Power Company") and Datang Environment Industry Company on 6 April 2016 with a contract amount of RMB25.88 million.
  
- (2) The EPC Transformation Project Contract of 660MW Electrostatic Precipitators for No. 1 and No. 2 Generating Units of Fujian Datang International Ningde Power Generation Company Limited entered into between Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Company") and Datang Environment Industry Company on 13 April 2016 with a contract amount of RMB9.76 million.
  
- (3) The Contract on Ultra-clean Emission Transformation for the Desulfurization System of the No.1 and No.2 Generating Units of Liaoning Datang International Jinzhou Thermal Power Generation Company Limited entered into between Liaoning Datang International Jinzhou Thermal Power Generation Company Limited and Datang Environment Industry Company on 30 June 2016 with a contract amount of RMB47.86 million.

The Company considered that the Company and its subsidiaries agreed to appoint Datang Environment Industry Company to carry out the Technological Transformation Projects, mainly for the purposes of ensuring the on-schedule completion of



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the Technological Transformation Projects of the Company's subsidiaries, to fully leverage on its professional advantages, as well as to control cost to a certain extent through large scale purchasing of facilities. As of 31 December 2016, the aggregate transaction amount incurred was approximately RMB66.97 million. For details of the transaction, please refer to the announcement of the Company dated 30 June 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

8. In July 2016, various technological transformation projects contracts were entered into between certain subsidiaries of the Company and Datang Environment Industry Company, a controlled subsidiary of CDC, and its subsidiaries by public tender and tender evaluation:

- (1) The "Contract on Modification Project for Flue Gas Residual Heat Utilisation of No. 2 Generating Unit (660MW) of Fujian Datang International Ningde Power Generation Company Limited" entered into between Ningde Power Company and Datang Engineering Company on 1 July 2016 with a contractual amount of RMB16.7868 million.
- (2) The "Contract on Synergised EPC Transformation Project for the Desulfurization and Dust Removal of the No. 3 and No. 4 600MW Generating Units of Fujian Datang International Ningde Power Generation Company Limited" entered into between Ningde Power Company and Datang Environment Industry Company on 28 July 2016 with a contractual amount of RMB57.56 million.

The Company considered that the Company and its subsidiaries agreed to appoint Datang Environment Industry Company and its subsidiaries to carry out the technological transformation projects, mainly for the purposes of ensuring the on-schedule completion of the Technological Transformation Projects of the Company's subsidiaries, to fully leverage on their professional advantages, as well as to control cost to a certain extent through large scale purchasing of facilities. As of 31 December 2016, the aggregate transaction amount incurred was RMB61.07 million. For details, please refer to the announcement of the Company dated 28 July 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

9. On 11 July 2016, the Company, certain subsidiaries and Beijing Railway Sub-branch of China Construction Bank Corporation ("Construction Bank Railway Sub-branch") entered into the Entrusted Loan Agreements:

- (1) The Company, Duolun Coal Chemical Company and Construction Bank Railway Sub-branch entered into the Entrusted Loan Agreement (Duolun) pursuant to which, the Company entrusted Construction Bank Railway Sub-branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB1.1 billion to Duolun Coal Chemical Company during the term of the agreement. After that, on 8 August 2016, the above three parties entered into the Supplemental Entrusted Loan Agreement (Duolun), pursuant to which, the amount of the entrusted loan to be provided to Duolun Coal Chemical Company was adjusted from RMB1.1 billion to RMB900 million.



- (2) The Company, Xilinhaote Mining Company and Construction Bank Railway Sub-branch entered into the Entrusted Loan Agreement (Xilinhaote), pursuant to which, the Company entrusted Construction Bank Railway Sub-branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB100 million to Xilinhaote Mining Company during the term of the agreement.

As of 31 December 2016, there was no actual transaction amount. For details, please refer to the announcements of the Company dated 11 July 2016 and 8 August 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcements.

10. On 5 September 2016, Lvsigang Power Generation Company entered into the Capital Contribution Agreement with Datang Jiangsu Power Generation Co., Ltd. ("Datang Jiangsu Power Generation Company"), a wholly-owned subsidiary of CDC, pursuant to which Lvsigang Power Generation Company and Datang Jiangsu Power Generation Company agreed to make capital contributions in the sum of approximately RMB30 million and RMB170 million, respectively, for the purpose of establishing Datang Jiangsu Electricity Sales Co., Ltd. ("Datang Jiangsu Electricity Sales Company"). Upon the establishment of Datang Jiangsu Electricity Sales Company, Lvsigang Power Generation Company and Datang Jiangsu Power Generation Company will hold 15% and 85% of the equity interest in Datang Jiangsu Electricity Sales Company, respectively. For details, please refer to the announcement of the Company dated 5 September 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
11. CDC is the controlling shareholder of Datang Finance Company, holding 71.8% of its equity interests. On 11 November 2016, the Company and Datang Finance Company entered into the Financial Services Agreement, with a term commencing from 1 January 2017 to 31 December 2019. Pursuant to which Datang Finance Company agreed to provide the Company and its subsidiaries with deposit services, loan services and other relevant financial services, and the daily maximum balance of deposits of the Company and its subsidiaries in Datang Finance Company shall not exceed RMB15 billion. By entering into the agreement, the Company is able to obtain loans and other financing services at interest rates lower than those in the market, which assists in improving the overall standard of fund operation of the Company and enhancing the Group's bargaining power of external financing. The entering into of the Financial Services Agreement can also enable the Company to obtain higher interest rates for deposits than those in the market and enjoy payment and settlement services at zero rate, thereby increasing interest income on deposits and saving settlement costs. Meanwhile, pursuant to the Financial Services Agreement, the Group can strengthen its funds control and accounts management through the funds management platform of Datang Finance Company, thereby further improving the efficiency of fund applications, and mitigating and avoiding financial risks. For details, please refer to the announcement of the Company on 11 November 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.



## Report of the Directors

12. In November 2016, the Company entered into the A-Share Subscription Agreement with CDC, entered into the A-Share Subscription Supplemental Agreement in January 2017, and entered into the A-Share Subscription Second Supplemental Agreement in March 2017, pursuant to which the Company has conditionally agreed to allot and issue and CDC has conditionally agreed to subscribe in cash for not more than 2,662,007,515 A-Share Subscription Shares at the A-Share Issue Price of not lower than RMB3.37 per A-Share Subscription Share (subject to adjustments). Immediately after the entering into of the A-Share Subscription Agreement, in November 2016, the Company entered into the H-Share Subscription Agreement with China Datang Overseas (Hong Kong) Co., Limited (“CDOHKC”) in respect of non-public issuance of H-Shares. The Company, CDOHKC and CDC entered into the H-Share Subscription Amendment Agreement in January 2017, the Company and CDC entered into the H-Share Subscription Supplemental Agreement in March 2017, pursuant to which the Company has conditionally agreed to allot and issue and CDC, or its nominated wholly owned subsidiary, has conditionally agreed to subscribe in cash for 2,794,943,820 H-Share Subscription Shares at the H-Share Issue Price of HK\$2.12 per H-Share Subscription Share (subject to adjustments). The proposed use of part of the proceeds from the Share Issuance for the construction of power plant projects is beneficial for the further solidification of the advantages of the principal business of the Company and enhances the core competitiveness of the power generation business while facilitating the sustainable development of the Company. Through the Share Issuance, the Company may reduce its liability-to-asset ratio, thus optimizing its capital structure, reducing its financial cost and lowering its financial risk. Meanwhile, with the increase in shareholding by CDC (the

controlling shareholder of the Company), the Company may enjoy more support from CDC which is beneficial to the long-term development of the Company. For details, please refer to the announcements of the Company on 28 November 2016, 6 January 2017, 21 February 2017 and 3 March 2017, as well as the circulars of the Company on 9 February 2017 and 13 March 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcements and/or circulars.
13. On 31 October 2016, Gaojing Thermal Power Plant of the Company and Tuoketuo No. 2 Power Generation Company entered into the Substitutive Power Generation Agreement with Beijing Electric Power Corporation of State Grid Corporation of China and North China Division of State Grid Corporation of China, pursuant to which the parties agreed to conduct substitutive power generation transactions. The transaction amount under the Substitutive Power Generation Agreement is estimated to be RMB150 million which is determined according to the confirmed plan of substitutive power generation volumes and settlement of electricity fee. As of 31 December 2016, the aggregate transaction amount incurred was RMB100.28 million. For details of the transaction, please refer to the announcement of the Company dated 1 November 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.



14. On 12 December 2016, Shanxi Datang International Yungang Thermal Power Company Limited (“Yungang Thermal Power Company”) and Linfen Thermal Power Company, both being wholly-owned subsidiaries of the Company, entered into the Capital Contribution Agreement with CDC, pursuant to which Yungang Thermal Power Company, Linfen Thermal Power Company and CDC agreed to make capital contributions in the sum of approximately RMB15.075 million, RMB15.075 million and RMB170.85 million, respectively, for the purpose of establishing Datang Shanxi Energy Marketing Co., Ltd. (“Datang Shanxi Energy Marketing Company”). Upon the establishment of Datang Shanxi Energy Marketing Company, Yungang Thermal Power Company, Linfen Thermal Power Company and CDC will hold 7.5%, 7.5% and 85% of the equity interests in Datang Shanxi Energy Marketing Company, respectively. For details of the transaction, please refer to the announcement of the Company dated 12 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
15. On 23 December 2016, the Company and Beijing Guoneng Zhixin Investment Co., Ltd. (“Beijing Guoneng”), a wholly-owned subsidiary of CDC, entered into the Equity Transfer Agreement, pursuant to which the Company agreed to purchase from Beijing Guoneng 10.65% of equity interests in Inner Mongolia Datang International Renewable Energy Resource Development Company Limited held by Beijing Guoneng at the purchase price of RMB1. For details of the transaction, please refer to the announcement of the Company dated 23 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
16. On 28 December 2016, the Company and CDC entered into the Capital Increase Agreement, pursuant to which the Company and CDC agreed to increase the registered capital in China Datang Corporation Nuclear Power Co., Ltd. (“Datang Nuclear Company”) by way of cash. In particular, the Company agreed to contribute RMB111.60 million to Datang Nuclear Company and CDC agreed to contribute RMB167.40 million to Datang Nuclear Company based on the proportion of their respective shareholding. Upon completion of the capital increase, the accumulated amount of capital contribution of the Company to Datang Nuclear Company would become RMB276.0883 million whereas its proportion of the total shareholding would remain at 40%; the accumulated amount of capital contribution of CDC to Datang Nuclear Company would become RMB414.1324 million whereas its proportion of the total shareholding would remain at 60%. For details of the transaction, please refer to the announcement of the Company dated 28 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.
17. Other connected transactions that have not been carried out
- In December 2016, various technological transformation projects contracts were entered into between certain subsidiaries of the Company and Datang Engineering Company by public tender and tender evaluation:
- (1) “Contract on EPC Construction Project for Closure and Reconstruction of Coal Storage Area (Phase I) of Tuoketuo Power Generation Company” entered into between Tuoketuo Power Generation Company and Datang Engineering Company on 29 December 2016 with a contract amount of RMB90,957,124.



## Report of the Directors

- (2) "Contract on EPC Construction Project for Full Closure and Reconstruction of Coal Storage Area of Zhangjiakou Thermal Power Company" entered into between Zhangjiakou Thermal Power Company and Datang Engineering Company on 29 December 2016 with a contract amount of RMB72,869,952.

The Company considered that the Company and its subsidiaries agreed to appoint Datang Engineering Company to carry out the technological transformation projects, mainly for the purposes of ensuring the on-schedule completion of the technological transformation projects of the Company's subsidiaries, to fully leverage on their professional advantages, as well as to control cost to a certain extent through large scale purchasing of facilities. As of 31 December 2016, no relevant transaction has been carried out. For details, please refer to the announcement of the Company dated 29 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

### Retirement scheme

In accordance with the State's employee retirement scheme, the Company has to pay a basic pension insurance premium on behalf of the employees at a rate of 20% of the staff's salaries whereby the employees will receive a monthly pension payment each month after retirement. In addition, the Company has also implemented an enterprise annuity plan, whereby employees will make monthly contributions at fixed amounts as individual savings pension insurance funds, while the Company will contribute proportionate amounts of the employees' contributions as supplementary pension insurance funds. The Company may at its discretion provide additional non-recurring individual savings pension insurance funds depending on the operating results of the year. When retired, an employee will receive individual savings pension insurance fund and corporate supplemental savings pension insurance fund by the Company. Apart from such contributions, the Company has no other liabilities towards the staff retirement scheme.

### Interest capitalisation

During the Year, the interest capitalised in respect of construction-in-progress amounted to approximately RMB1.164143 billion.

### Other significant matters

1. On 29 March 2016, the Company and China Reform Holdings Corporation Ltd. entered into a termination agreement to the framework agreement for the reorganisation of coal-to-chemical business segment and related projects of the Company. After the negotiation between both parties, stipulations under the reorganization framework agreement shall no longer be carried out.

On 27 April 2016, the Company and CDC entered into the framework agreement for the reorganisation of coal-to-chemical business segment and related projects of the Company, to continue the reorganisation of coal-to-chemical segment and related projects of the Company.

On 30 June 2016, the Company and Zhongxin Energy and Chemical entered into the transfer agreement in relation to coal-to-chemical business segment and the related projects, pursuant to which the equity of related target company held by the Company and the power supply assets were transferred at a consideration of RMB1 to Zhongxin Energy and Chemical.

On 29 August 2016, the 2016 Second Extraordinary General Meeting of the Company considered and approved the abovementioned transfer, and the abovementioned transfer was completed on 31 August 2016.

2. As at the date of this report, the Company has completed the issuance of several tranches of super short-term financing bonds:





- (1) The Company has completed the issuance of "The First Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2016" (the "First Tranche Super Short-term Debentures") on 25 February 2016. The issuance amount for the First Tranche Super Short-term Debentures was RMB3.0 billion with a maturity of 180 days. The unit nominal value is RMB100 and the coupon rate is at 2.63%.
  - (2) The Company has completed the issuance of "The Second Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2016" (the "Second Tranche Super Short-term Debentures") on 15 March 2016. The issuance amount for the Second Tranche Super Short-term Debentures was RMB3.0 billion with a maturity of 178 days. The unit nominal value is RMB100 and the coupon rate is at 2.42%.
  - (3) The Company has completed the issuance of "The Third Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2016" (the "Third Tranche Super Short-term Debentures") on 25 April 2016. The issuance amount for the Third Tranche Super Short-term Debentures was RMB3.0 billion with a maturity of 270 days. The unit nominal value is RMB100 and the coupon rate is at 2.60%.
  - (4) The Company has completed the issuance of "The Fourth Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2016" (the "Fourth Tranche Super Short-term Debentures") on 18 May 2016. The issuance amount for the Fourth Tranche Super Short-term Debentures was RMB4.0 billion with a maturity of 268 days. The unit nominal value is RMB100 and the coupon rate is at 2.78%.
  - (5) The Company has completed the issuance of "The Fifth Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2016" (the "Fifth Tranche Super Short-term Debentures") on 22 August 2016. The issuance amount for the Fifth Tranche Super Short-term Debentures was RMB4.0 billion with a maturity of 270 days. The unit nominal value is RMB100 and the coupon rate is at 2.53%.
  - (6) The Company has completed the issuance of "The Sixth Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2016" (the "Sixth Tranche Super Short-term Debentures") on 14 September 2016. The issuance amount for the Sixth Tranche Super Short-term Debentures was RMB3.0 billion with a maturity of 268 days. The unit nominal value is RMB100 and the coupon rate is at 2.59%.
3. Pursuant to the profit distribution plan for the year 2015 considered and approved at the 2015 annual general meeting of the Company convened on 30 June 2016, the Company had completed the profit distribution for 2015 on 23 August 2016. Cash dividend of RMB0.17 (tax inclusive) per share was distributed, i.e. RMB1.70 (tax inclusive) for every 10 shares.

## Compliance of the Model Code

Upon specific enquiries made to all Directors and in accordance with information provided, the Board confirmed that all Directors have complied with the Model Code during the Year.



## Report of the Directors

### Independent non-executive directors

After making queries and reviewing the annual confirmation letters from all Independent Non-executive Directors in respect of their independence according to Rule 3.13 of the Listing Rules, the Company confirms that all Independent Non-executive Directors are independent individuals.

### Auditors

The Company's consolidated financial statements for the year 2016 prepared under International Financial Reporting Standards have been audited by RSM Hong Kong.

In June 2013, RSM China Certified Public Accountants (Special General Partnership) is the domestic financial auditor of the Company for year 2013 following an approval on its appointment at the 2012 annual general meeting of the Company and is responsible for domestic auditing, among other things, of the Company's financial report for year 2013.

Subsequently, the Company received notice that RSM China Certified Public Accountants (Special General Partnership) merged with Crowe Horwath China CPAs (Special General Partnership), and renamed as Ruihua Certified Public Accountants (Special General Partnership) ("Ruihua").

Since the professional staff of RSM China Certified Public Accountants (Special General Partnership) responsible for the Company's domestic auditing work for year 2013 have been transferred to Ruihua, the reappointment of Ruihua as the Company's domestic financial auditor for year 2013 to carry out domestic auditing, among other things, of the Company's financial report for year 2013

was approved by the shareholders at the extraordinary general meeting of the Company held on 29 October 2013 of the Company in order to maintain continuity and stability of the Company's domestic financial auditing work. The overseas auditor of the Company for carrying out overseas auditing work of the Company remained unchanged. The relevant audit services continued to be carried out by RSM Hong Kong.

Ruihua and RSM Hong Kong are the domestic and overseas, respectively, financial auditor of the Company for the year 2016 following an approval on its appointment at the 2015 annual general meeting of the Company and are responsible for domestic and overseas, respectively, auditing, among other things, of the Company's financial report for the year 2016.

Save as disclosed herein, the Company did not have any change in its auditors in the preceding three years.

By Order of the Board

**Chen Jinhang**  
*Chairman*

15 March 2017

# Report of the Supervisory Committee



Dear supervisors,

During the Year, in the spirit of being accountable to all shareholders of Datang International Power Generation Company Limited (the "Company") and in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Articles of Association of Datang International Power Generation Co., Ltd. (the "Articles of Association"), the Order of Meeting of the Supervisory Committee of Datang International Power Generation Co., Ltd. (the "Order of Meeting of the Supervisory Committee") and the relevant requirements of the listing rules in the jurisdictions where the Company

is listed, members of the Supervisory Committee of the Company dutifully and conscientiously fulfilled their monitoring duties. In 2016, members of the Supervisory Committee attended all general meetings, Board meetings and meetings of the specialised committees held by the Board. They also actively participated in the review of the Company's major decisions and periodically examined the Company's operation and financial position, striving to protect the rights of the shareholders, the benefits of the Company as well as the legal interests of staff within legal limits. The detailed report on the work of the Supervisory Committee for 2016 is as follows:

## I. Supervisory Committee Meeting

Convening of the Supervisory Committee Meetings	Details of the Subjects Discussed at the Supervisory Committee Meetings
On 2 February 2016, the 15th meeting of the eighth session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the Resolution on Provisions for Asset Impairment
On 29 March 2016, the 16th meeting of the eighth session of Supervisory Committee of the Company was held	Considered and approved the Work Report of the Supervisory Committee for Year 2015, the Final Accounts Report for Year 2015, the 2015 Profit Distribution Proposal, the Explanation on the Publication of 2015 Annual Report, the Resolution on the 2015 Internal Control Evaluation Report and Audit Report of the Company.
On 27 April 2016, the 17th meeting of the eighth session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the Resolution of Explanation on the 2016 First Quarterly Report
On 8 June 2016, the 18th meeting of the eighth session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the Resolution on Election of the New Session of the Supervisory Committee



## Report of the Supervisory Committee

Convening of the Supervisory Committee Meetings	Details of the Subjects Discussed at the Supervisory Committee Meetings
On 19 July 2016, the 1st meeting of the ninth session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the Resolution on Election of Chairman and Vice Chairman of the Ninth Session of the Supervisory Committee
On 29 August 2016, the 2nd meeting of the ninth session of Supervisory Committee of the Company was held	Considered and approved the Resolution of Explanation on the 2016 Interim Results
On 27 October 2016, the 3rd meeting of the ninth session of Supervisory Committee of the Company was held	Considered and approved the Resolution of Explanation on 2016 Third Quarterly Report
On 28 November 2016, the 4th meeting of the ninth session of Supervisory Committee of the Company was held	Considered and approved the Resolution on the Fulfilments to the Conditions for Non-public Issuance of A-Shares by the Company, Resolution on the Plan of Non-public Issuance of A-Shares and Non-public Issuance of H-Shares by the Company, Resolution on the Proposal for Non-public Issuance of A-Shares of the Company, Resolution on the Execution of the Conditional Subscription Agreements for the Non-public Issuance of Shares between the Company and Specific Targets and Connected Transactions Involved in the Issuance, Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Non-public Issuance of A-Shares of the Company for Investment in Projects, Resolution on the Report on the Use of Proceeds from the Previous Fund Raising Activities by the Company, Resolution on the Waiver of Obligation to Make General Offer by CDC for Issuance, Resolution on the Application for Whitewash Waiver by CDC and Issuance of Documents on Whitewash Waiver by Datang International and Resolution on the Company's Dividend Distribution Policy and Three-year Plan for Shareholders' Return (2016–2018)



## II. Independent Opinions of the Supervisory Committee on the Company's Relevant Matters

### 1. The Company's Operation in Compliance with Laws

During the reporting period, members of the Supervisory Committee acquired understanding of the major operating decision-making process through attending (or attending as observers) the Board meetings, general meetings and major internal integrated or professional meetings of the Company, and inspected and monitored the financial position and the operation of the Company. The Supervisory Committee is of the view that in 2016 the Company's business was regulated and operated in strict compliance with the "Company Law" and the "Articles of Association" and other relevant regulations and systems and its operation and decisions were scientific and rational. Meanwhile, the Company has established and continued to enhance its internal management and internal control systems and developed an effective internal control mechanism. In fulfilling their duties, directors and senior management of the Company acted diligently and dutifully, abided by the State laws and regulations and the Articles of Association and systems of the Company and safeguarded the interests of the Company. No act which constituted violation of laws and regulations or contravention of the Company's interests and minority shareholders' lawful interests was discovered.

### 2. Financial Activities of the Company

During the reporting period, the Supervisory Committee conscientiously and carefully examined and reviewed the Company's accounting statements and financial information, took part in reviewing the auditor's report and provided opinions and recommendations on the auditor's work. The Supervisory Committee is of the view that the preparation of the Company's financial statements complies with the relevant

requirements of the "Accounting Systems for Business Enterprises" and "Accounting Standards for Business Enterprises", and that the Company's 2016 financial report and the standard unqualified audit report issued by the accountants truthfully reflect the financial position and the operating results of the Company.

### 3. Acquisition and Disposal of Subsidiaries and Assets by the Company

(1) In 2016, the Company transferred the coal-to-chemical business segment and related projects to Zhongxin Energy and Chemical in form of transfer agreement. The transaction target consisted of 100% equity interest in Datang Energy and Chemical Company Limited, 100% equity interest in Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited, 100% equity interest in Inner Mongolia Datang International Xilinhaote Power Generation Company Limited, 60% equity interest in Inner Mongolia Datang International Xilinhaote Mining Co., Ltd., as well as the Inner Mongolia Keshiketeng Power Source Preliminary Project. Pursuant to the relevant valuation results, with consideration of the abovementioned transaction target as a whole and based on the appraised value of the transaction target at the benchmark date with an exemption of certain entrusted loans from the Company to the target company (in particular, including the sum of the absolute value corresponding to the appraised value of RMB-8.336 billion of the transaction and the absolute value of the operating loss of the transaction target during the transitional period which shall be borne by the Company, the Company transferred the abovementioned transaction target to Zhongxin Energy and Chemical at a consideration of RMB1 in form of transfer agreement.



## Report of the Supervisory Committee

- (2) The Company acquired 10.16% equity interest in Shenzhen Datang Baochang Gas Power Generation Company Limited ("Datang Baochang"). Upon completion of the acquisition, the shareholding of the Company in Datang Baochang increased from 51% to 61.16%.
- (3) In accordance with the relevant provisions of the State-owned Assets Supervision and Administration Commission ("SASAC") on the transfer of equity interest of state-owned enterprises, Yunnan Electric Power Company, a controlling subsidiary of the Company, transferred its 70% equity interest and debt in Yunnan Datang International Biyuhe Hydropower Development Company Limited ("Biyuhe Hydropower Company") through listing on the China Beijing Equity Exchange on 5 July 2016. The transferee was Shenzhen Yawang Power Group Co., Ltd. The transfer price of "equity interest + debt" was RMB133.12568 million (i.e. 70% equity interest at a value of RMB19.12568 million + entrusted loans of RMB64 million of Yunnan Electric Power Company + RMB50 million loan by Lanping County Branch of Industrial and Commercial Bank of China). Meanwhile, Yunnan Electric Power Company waived its pre-emption on the 30% equity interest in Biyuhe Hydropower Company held by Chunyi Hydropower Company. The transfer of equity interest was completed on 31 July 2016.
- On 5 December 2016, the Group disposed of all its equity interest in a wholly-owned subsidiary, Guangdong Datang International Yangxi Wind Power Company Limited.
- (4) The Company transferred 168,738,746 shares in Continent Insurance held by the Company through public listing on Shanghai United Assets and Equity Exchange. With 31 December 2015 as the benchmark date, the appraised value of all shareholders' equity in Continent Insurance was RMB17.671 billion, the appraised value of the corresponding 168,738,746 shares held by the Company was RMB408.3472 million, and the value per share was RMB2.42. Based on the valuation results, the initial floor price shall be no less than RMB408.3472 million and the value per share shall be no less than RMB2.42.
- (5) According to the "Measures for Supervision and Administration of Enterprise State-owned Assets Transactions" (Decree No. 32 of the SASAC of the State Council and the Ministry of Finance), the Company acquired 10.65% equity interest in Inner Mongolia Datang Renewable Resource Development Company Limited ("Renewable Resource Company") held by Beijing Guoneng Zhixin Investment. Co., Ltd. at a consideration of RMB1 in form of non-public transfer agreement. Upon completion of the acquisition, the shareholding of the Company in Renewable Resource Company changed to 51%.
- (6) The Company and Energy and Chemical Company, a wholly-owned subsidiary of the Company, waived their pre-emption on the 10% equity interest in Keqi Coal-based Gas Company, 10% equity interest in Liaoning Datang International Fuxin Coal-based Gas Company Limited, 40% equity interest in Duolun Coal Chemical Company and 40% equity interest in Xilinhaote Mining Company.



(7) In accordance with the relevant requirements on the transfer of state-owned equity interest, Chongqing Dingtai Power (Group) Company Limited (“Dingtai Group”) and Chongqing Tuoyuan Industry Co., Ltd. (“Tuoyuan Company”), both being subsidiaries of the Company, transferred the “equity interest + debt” of Chongqing Yujiang Hydropower Development Co., Ltd. (“Yujiang Hydropower Company”) to external parties through public listing on equity exchange. Of which, the equity interest portion consisted of 60% equity interest in Yujiang Hydropower Company held by Dingtai Group and 40% equity interest in Yujiang Hydropower Company held by Tuoyuan Company; upon internal debt adjustment, the debt portion including debt of RMB15.4808 million of Yujiang Hydropower Company held by Dingtai Group, debt of RMB32 million of Yujiang Hydropower Company held by Yuneng Group and debt of RMB2.5 million of Yujiang Hydropower Company held by Ya Dong Ya Group Company. The initial listing price of the “equity + debt” of Yujiang Hydropower Company was: RMB63.0353 million (the transfer price of RMB7.8327 million for the 60% equity interest held by Dingtai Group + the transfer price of RMB5.2218 million for the 40% equity interest held by Tuoyuan Company + debt of RMB15.4808 million held by Dingtai Group + debt of RMB32 million held by Yuneng Group + debt of RMB2.5 million of held by Ya Dong Ya Group Company).

If no transferee was solicited at the initial listing, the second listing is agreed to be conducted at a listing price of the equity interest 10% lower than the initial listing. The second listing price of the “equity + debt” amounted to RMB61.72985 million (the transfer price of RMB7.04943 million for the 60% equity interest held by Dingtai Group + the transfer price of RMB4.69962 million for the 40% equity interest held by Tuoyuan Company + debt of RMB15.4808 million held by Dingtai Group + debt of RMB32 million held by Yuneng Group + debt of RMB2.5 million of held by Ya Dong Ya Group Company).

The Board has considered and approved the above issues (1) to (7) and the Company has fulfilled relevant disclosure obligations pursuant to the Listing Rules. All of the issues except issue (7) have been completed. In the case when these disposal and acquisition constituted connected transactions, the Independent Directors had expressed independent opinions, the Supervisory Committee was of the view that the considerations for the relevant transaction were reasonable, and did not harm the interests of the shareholders of the Company.



## Report of the Supervisory Committee

### 4. Connected Transactions of the Company

During the Reporting Period, major connected transactions conducted by the Company primarily concerned procurement of production or construction materials, invitation of tenders for a technological transformation projects, concession operations in respect of the desulfurization assets or denitrification assets, sale and purchase of fuels, and entrusted loans. After verification, the Supervisory Committee is of the opinion that the connected transactions of the Company in 2016 were conducted on normal commercial terms; the transactions were in compliance with the requirements of the PRC laws and regulations and the "Articles of Association"; and the Company has fulfilled its disclosure obligations as required by the listing rules on Shanghai Stock Exchange and Hong Kong Stock Exchange.

### 5. Review Status of and Opinion on the Internal Control Evaluation Report

The Supervisory Committee of the Company reviewed the Company's 2016 Internal Control Evaluation Report and communicated with the management of the Company and the accounting firm that was responsible for the internal auditing of the Company. The Supervisory Committee is of the opinion that the Company has rectified the ordinary deficiencies identified according to the relevant internal control deficiencies identification standards during the Reporting Period pursuant to the "Evaluation and Management Measures of Internal Control" of the Company in the internal control evaluation process. In addition, the Company will enhance the evaluation of risk issues and internal control deficiencies by optimising the relevant systems and complimentary measures, so as to strengthen the monitoring and inspection, standardise its business practices and ensure its business operations are in compliance with laws and regulations.

The Supervisory Committee agreed with the unqualified audit report on internal control issued by Ruihua Certified Public Accountants (Special General Partnership).

### III. Work Plan for 2017

In 2017, the Supervisory Committee of the Company will continue to follow the "Order of Meeting of the Supervisory Committee" of the Company. In the spirit of being accountable to all shareholders and employees of the Company, the Supervisory Committee will continue to exercise effective supervision over the Company's major decisions through ways such as attending (or attending as observers) Board meetings and relevant important business meetings of the Company. Members of the Supervisory Committee will continue to improve their political quality and operational capacity, strengthen supervision and fulfill their duties of due diligence. Meanwhile, the Supervisory Committee will further reinforce the awareness towards risk prevention in respect of the Company' operating activities by studying relevant laws and regulations. Members of the Supervisory Committee will further improve the internal control system of the Company and enhance its efforts and the effectiveness in the implementation of its internal control system, so as to lay a solid foundation for the sustainable and healthy development of the Company.

Datang International Power Generation Co., Ltd.  
*Supervisory Committee*  
15 March 2017



# Taxation in the United Kingdom



The comments below are a general guide only, based on the tax law and practice in force as at the date of this document which may be subject to changes or revisions. They relate only to certain limited aspects of the tax position of shareholders of the Company who are United Kingdom (“UK”) resident, and (if an individual) who are also UK ordinarily resident (if relevant) and domiciled and who hold shares in the Company as an investment, not as a share dealer or financial trader (“Relevant Shareholders”). This section is not intended to be and should not be construed as legal or tax advice to any particular shareholder. If you are in any doubt as to your tax position you should consult an appropriate professional advisor.

Subject to the statements made below regarding corporate Relevant Shareholders, Relevant Shareholders will generally be subject to UK income tax or corporation tax on the gross amount of dividends paid by the Company (as ascertained for the purposes of the relevant tax), but will normally be entitled to a credit against such UK income tax or corporation tax for any PRC withholding tax charged on the dividend.

Under the current double taxation treaty between the PRC and the UK, Relevant Shareholders will generally be entitled to a reduced rate of PRC withholding tax on dividends paid to them by the Company subject to certain requirement being met.

An individual Relevant Shareholder will be subject to income tax on dividends he/she receives above an annual £5,000 tax free dividend allowance (this allowance is set to be reduced to £2,000 from 6 April 2018). A corporate Relevant Shareholder should generally be exempt from UK corporation tax in respect of dividends paid to them by the Company subject to the relevant conditions being met. Where this is not the case, corporate Relevant Shareholders who control (directly or indirectly) at least 10% of the voting rights of the Company may be entitled to credit against UK corporation tax chargeable in respect of dividends paid to them by the Company for any underlying PRC tax payable by the Company in respect of the profits out of which dividends were paid.

Relevant Shareholders will generally be subject to UK tax on chargeable gains on any gain on a disposal of shares, as computed for the purposes of such tax. There may be exemptions or reliefs available for qualifying Relevant Shareholders.



# Independent Auditor's Report



**RSM Hong Kong** 中瑞岳華(香港)會計師事務所  
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TO THE SHAREHOLDERS OF DATANG INTERNATIONAL POWER GENERATION CO., LTD.  
(Incorporated in the People's Republic of China with limited liability)

## OPINION

We have audited the consolidated financial statements of Datang International Power Generation Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 111 to 243, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

1. Disposals of subsidiaries
2. Recognition of deferred tax assets
3. Impairment of property, plant and equipment



## KEY AUDIT MATTERS (Continued)

### Key Audit Matter

Disposals of subsidiaries

Refer to note 44(b) to the consolidated financial statements

On 30 June 2016, the Company entered into the "Transfer Agreement in Relation to the Coal-to-chemical Business Segment and the Related Project" (the "Transfer Agreement") with Zhongxin Energy and Chemical Technology Company Limited ("Zhongxin Energy and Chemical") which is a wholly-owned subsidiary of the Company's controlling shareholder, China Datang Corporation, under which the Company conditionally agreed to sell and Zhongxin Energy and Chemical conditionally agreed to acquire the Company's subsidiaries including wholly-owned subsidiaries, Datang Energy and Chemical Company Limited, Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited and Inner Mongolia Datang International Xilinhaote Power Generation Company Limited and a 60%-owned subsidiary, Inner Mongolia Datang International Xilinhaote Mining Company Limited (collectively referred to as the "Disposed Subsidiaries"), and the assets of Inner Mongolia Keshiketeng Power Source Preliminary Project at a consideration of RMB1 (the "Disposals"). In addition, the Company agreed to waive repayment of certain entrusted loans provided by the Company to the Disposed Subsidiaries with an amount not exceeding RMB10 billion. The Disposals were completed on 31 August 2016.

The Company and Zhongxin Energy and Chemical are Connected Parties under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and Zhongxin Energy and Chemical completed the waiver of the entrusted loans and the Disposals on 31 August 2016 in accordance with the requirements of the Transfer Agreement. After the Disposals, the consolidated profit for the year of the Group decreased by RMB4,390,961 thousand.

### How Our Audit Addressed the Key Audit Matter

Our procedures in relation to the disposals of subsidiaries included:

- considering whether the consideration receivable from the Connected Party was determined on an arms-length basis and accordingly whether the loss on the Disposals was appropriately recognised in profit or loss;
- obtaining the directors' resolutions, shareholders' resolution and the Transfer Agreement relating to the Disposals to examine the terms and the consideration of the Disposals;
- carrying out audit procedures including inspection and enquiry for the actual implementation of the Disposals to determine the reasonableness of the date of the Disposals;
- carrying out audit procedures including analytical review and recalculation to examine the calculation of the loss on the Disposals; and
- checking the presentation and disclosure of the Disposals in the consolidated financial statements.



## Independent Auditor's Report

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### KEY AUDIT MATTERS (Continued)

#### Key Audit Matter

Recognition of deferred tax assets

Refer to note 38 to the consolidated financial statements

The carrying amount of the deferred tax assets as at 31 December 2016 is RMB3,420,216 thousand, of which RMB2,682,421 thousand is deductible tax losses. These deductible tax losses primarily arise in the Company.

Management has concluded that it is probable that the Company will have sufficient taxable profit to utilise the deductible tax losses based on the profit forecast prepared by the Company for the next five years starting from 1 January 2017 (the "Profit Forecast").

The Profit Forecast was prepared on the basis of the accounting policies consistently adopted by the Group and reasonable and supportable assumptions which require significant management estimation.

#### How Our Audit Addressed the Key Audit Matter

Our procedures in relation to management's recognition of deferred tax assets in respect of the deductible tax losses included:

- assessing the design and implementation of the internal control of the Group relating to tax matters;
- communicating with the Company's tax specialist to determine the basis and calculations of the deductible tax losses;
- using our internal tax specialists to assess the appropriateness of the Company's calculations in respect of the tax losses;
- reconciling input data of the Profit Forecast to supporting evidence, such as approved budgets and considering the accuracy of previous budgets;
- assessing the reasonableness of key assumptions used by management in the Profit Forecast based on our knowledge of the business and industry;
- considering whether the recognition of the deferred tax assets in respect of the tax losses was limited to the extent of the future taxable profit available to utilise the deductible tax losses; and
- checking the presentation and disclosure of the deferred tax assets in the consolidated financial statements.



## KEY AUDIT MATTERS (Continued)

### Key Audit Matter

Impairment of property, plant and equipment

Refer to note 19 to the consolidated financial statements

The carrying amount of property, plant and equipment as at 31 December 2016 is RMB182,921,995 thousand. Certain subsidiaries of the Group under power generation segment and other segments incurred losses in year ended 31 December 2016. This has increased the risk that the carrying values of property, plant and equipment attributable to those cash generating units may be impaired.

Management has concluded that there is no impairment in respect of property, plant and equipment.

The recoverable amount of the above cash generating units was determined based on their value in use which requires significant management judgements in determining appropriate discount rates and reasonable and supportable assumptions on which to base the cash flow projections.

### How Our Audit Addressed the Key Audit Matter

Our procedures in relation to management's impairment assessment of property, plant and equipment included:

- understanding the internal control of the Group relating to the identification of the indicators of the impairment of property, plant and equipment and the estimation of their recoverable amounts;
- evaluating whether any indicators of impairment existed including physically inspecting the related property, plant and equipment and carrying out observation procedures in order to understand any problem relating to lagged technology and long-term idle and the condition of loading rate;
- involving our valuation specialists in assessing the reasonableness of the discount rates used by management for each cash generating unit and in assessing the integrity of the model that calculates value in use;
- reconciling input data to supporting evidence, such as approved budgets and considering the accuracy of previous budgets; and
- assessing the reasonableness of key assumptions used by management in the cash flow projections based on our knowledge of the business and industry.



## Independent Auditor's Report

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### OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



## Independent Auditor's Report

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

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

The engagement partner on the audit resulting in this independent auditor's report is Liu Eugene.

**RSM Hong Kong**  
Certified Public Accountants  
Hong Kong

15 March 2017



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2016



	Note	2016 RMB'000	2015 RMB'000
<b>Continuing operations</b>			
Operating revenue	8	57,291,557	60,050,302
<b>Operating costs</b>			
Fuel for power and heat generation		(21,976,278)	(21,901,632)
Fuel for coal sales		(284,568)	(372,034)
Depreciation		(10,787,520)	(10,158,979)
Repairs and maintenance		(1,445,837)	(1,620,914)
Salaries and staff welfare		(3,386,599)	(3,457,161)
Local government surcharges		(735,105)	(660,942)
Others		(5,508,282)	(6,183,696)
<b>Total operating costs</b>		<b>(44,124,189)</b>	<b>(44,355,358)</b>
<b>Operating profit</b>		<b>13,167,368</b>	<b>15,694,944</b>
Shares of profits of associates		363,200	515,041
Shares of profits of joint ventures		698,246	389,595
Investment income		174,066	160,865
Other (losses)/gains	9	(407,321)	100,619
Impairment losses on available-for-sale financial assets		–	(38,672)
Interest income		44,251	72,464
Finance costs	11	(5,598,543)	(6,955,912)
<b>Profit before tax from continuing operations</b>		<b>8,441,267</b>	<b>9,938,944</b>
Income tax credit/(expense)	12	761,946	(3,281,907)
<b>Profit for the year from continuing operations</b>	13	<b>9,203,213</b>	<b>6,657,037</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	16	(7,317,892)	(3,396,665)
<b>Profit for the year</b>		<b>1,885,321</b>	<b>3,260,372</b>



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Reclassification adjustments for amounts transferred to profit or loss upon disposals of available-for-sale financial assets		–	(52,901)
Reclassification adjustments for amounts transferred to profit or loss arising from impairment of available-for-sale financial assets		–	38,672
Fair value gain/(loss) on available-for-sale financial assets		24,944	(37,653)
Shares of other comprehensive income of associates		(44,136)	19,760
Exchange differences on translating foreign operations		(5,771)	9,679
Income tax on items that may be reclassified to profit or loss		(6)	12,970
<b>Other comprehensive income for the year, net of tax</b>		<b>(24,969)</b>	<b>(9,473)</b>
<b>Total comprehensive income for the year</b>		<b>1,860,352</b>	<b>3,250,899</b>
<b>(Loss) /profit for the year attributable to:</b>			
Owners of the Company		(2,753,881)	2,787,739
Non-controlling interests		4,639,202	472,633
		<b>1,885,321</b>	<b>3,260,372</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		(2,778,850)	2,778,266
Non-controlling interests		4,639,202	472,633
		<b>1,860,352</b>	<b>3,250,899</b>
		<i>RMB</i>	<i>RMB</i>
<b>(Loss)/earnings per share</b>	18		
Basic and diluted			
From continuing and discontinued operations		(0.21)	0.21
From continuing operations		0.24	0.40

# Consolidated Statement of Financial Position

At 31 December 2016



	Note	2016 RMB'000	2015 RMB'000 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19	182,921,995	253,322,679
Investment properties	20	549,727	577,627
Intangible assets	21	1,988,652	4,378,081
Development costs		21	11
Investments in associates	22	8,562,286	7,981,871
Investments in joint ventures	23	6,629,938	5,575,810
Available-for-sale financial assets	24	4,991,091	4,978,596
Deferred housing benefits	25	–	3,360
Long-term entrusted loans to an associate	26	25,188	121,778
Deferred tax assets	38	3,420,216	1,182,573
Other non-current assets	27	4,181,389	3,848,363
<b>Total non-current assets</b>		<b>213,270,503</b>	<b>281,970,749</b>
<b>Current assets</b>			
Inventories	28	2,766,573	3,857,781
Accounts and notes receivables	29	8,003,721	7,859,689
Prepayments and other receivables	30	4,416,631	9,156,757
Tax recoverable		367,970	13,212
Current portion of long-term entrusted loans to an associate	26	100,000	–
Current portion of other non-current assets	27	11,656	63,360
Cash and cash equivalents and restricted deposits	31	4,528,367	5,573,891
<b>Total current assets</b>		<b>20,194,918</b>	<b>26,524,690</b>
<b>TOTAL ASSETS</b>		<b>233,465,421</b>	<b>308,495,439</b>



## Consolidated Statement of Financial Position

At 31 December 2016

	Note	2016 RMB'000	2015 RMB'000 (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital	32	13,310,038	13,310,038
Reserves	34	31,160,431	29,320,653
(Accumulated losses)/retained earnings			
Proposed dividends	17	–	2,262,706
Others		(4,486,148)	404,086
		39,984,321	45,297,483
Non-controlling interests		18,844,672	18,286,856
<b>Total equity</b>		<b>58,828,993</b>	<b>63,584,339</b>
<b>Non-current liabilities</b>			
Long-term loans	35	90,166,116	130,061,212
Long-term bonds	36	15,426,755	15,410,018
Deferred income	37	1,783,656	3,194,264
Deferred tax liabilities	38	563,261	606,985
Provisions	39	–	372,138
Other non-current liabilities	40	9,331,062	19,485,144
<b>Total non-current liabilities</b>		<b>117,270,850</b>	<b>169,129,761</b>
<b>Current liabilities</b>			
Accounts payables and accrued liabilities	41	20,396,471	27,603,263
Taxes payables		887,815	1,264,011
Dividends payables		633,461	316,706
Short-term loans	42	11,010,175	14,785,757
Short-term bonds	43	14,182,902	15,143,743
Current portion of non-current liabilities	35, 40	10,254,754	16,667,859
<b>Total current liabilities</b>		<b>57,365,578</b>	<b>75,781,339</b>
<b>Total liabilities</b>		<b>174,636,428</b>	<b>244,911,100</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>233,465,421</b>	<b>308,495,439</b>
<b>NET CURRENT LIABILITIES</b>		<b>(37,170,660)</b>	<b>(49,256,649)</b>

Approved by the Board of Directors on 15 March 2017 and are signed on its behalf by:

Wang Xin

Ying Xuejun

# Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2016



	Attributable to owners of the Company											Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Restricted reserve RMB'000	Foreign currency translation reserve RMB'000	Available-for-sale financial assets revaluation reserve RMB'000	Other reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2015	13,310,038	9,910,838	4,535,751	12,432,852	85,599	43,615	87,606	829,716	2,928,866	44,164,881	19,293,312	63,458,193
Total comprehensive income for the year	-	-	-	-	-	9,679	(19,152)	-	2,787,739	2,778,266	472,633	3,250,899
Capital injections from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,151,064	1,151,064
Capital withdrawal from non-controlling interests	-	-	-	-	-	-	-	77,396	-	77,396	(146,796)	(69,400)
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	(167,679)	(167,679)
Others	-	-	-	-	-	-	-	7,245	-	7,245	(20,913)	(13,668)
Transfer to restricted reserve	-	-	-	-	4,011	-	-	-	(4,011)	-	-	-
Transfer to surplus reserves	-	-	457,146	858,351	-	-	-	-	(1,315,497)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(1,730,305)	(1,730,305)	(2,294,765)	(4,025,070)
Changes in equity for the year	-	-	457,146	858,351	4,011	9,679	(19,152)	84,641	(262,074)	1,132,602	(1,006,456)	126,146
At 31 December 2015	13,310,038	9,910,838	4,992,897	13,291,203	89,610	53,294	68,454	914,357	2,666,792	45,297,483	18,286,856	63,584,339
At 1 January 2016	13,310,038	9,910,838	4,992,897	13,291,203	89,610	53,294	68,454	914,357	2,666,792	45,297,483	18,286,856	63,584,339
Total comprehensive income for the year	-	-	-	-	-	(5,771)	(19,198)	-	(2,753,881)	(2,778,850)	4,639,202	1,860,352
Capital injections from non-controlling interests	-	-	-	-	-	-	-	-	-	-	778,136	778,136
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(207,366)	-	(207,366)	207,366	-
Disposals of subsidiaries	-	-	-	-	(88,511)	-	-	(9,390)	88,511	(9,390)	(2,557,298)	(2,566,688)
Others	-	-	-	-	-	-	-	(54,850)	-	(54,850)	(52,699)	(107,549)
Transfer to restricted reserve	-	-	-	-	11,191	-	-	-	(11,191)	-	-	-
Transfer to surplus reserve	-	-	-	2,213,673	-	-	-	-	(2,213,673)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(2,262,706)	(2,262,706)	(2,456,891)	(4,719,597)
Changes in equity for the year	-	-	-	2,213,673	(77,320)	(5,771)	(19,198)	(271,606)	(7,152,940)	(5,313,162)	557,816	(4,755,346)
At 31 December 2016	13,310,038	9,910,838	4,992,897	15,504,876	12,290	47,523	49,256	642,751	(4,486,148)	39,984,321	18,844,672	58,828,993



# Consolidated Statement of Cash Flows

For The Year Ended 31 December 2016

	<i>Note</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	44(a)	23,130,109	28,178,087
Interest received		47,521	76,585
Income tax paid		(2,724,653)	(3,205,099)
Net cash generated from operating activities		20,452,977	25,049,573
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(16,385,507)	(18,173,743)
Additions to intangible assets		(6,244)	(12,864)
Investments in joint ventures		(85,365)	(78,910)
Investments in associates		(374,500)	(109,890)
Investments in available-for-sale financial assets		–	(180,045)
Additional entrusted loans made		–	(19,810)
Proceeds from disposals of property, plant and equipment		334,743	2,067,875
Disposals of subsidiaries	44(b)	(435,217)	(26,608)
Proceeds from disposals of available-for-sale financial assets		–	228,014
Repayment of entrusted loans		2,415,851	1,196,600
Dividends received		626,484	767,956
Interest received from entrusted loans to related parties		60,600	31,942
Others		102,436	106,990
Net cash used in investing activities		(13,746,719)	(14,202,493)

## Consolidated Statement of Cash Flows

For The Year Ended 31 December 2016



	<i>Note</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital injections from non-controlling interests		778,136	1,151,064
Capital withdrawal from non-controlling interests	44(d)	–	(69,400)
Drawdown of loans		71,342,941	56,764,874
Issuance of short-term bonds		20,000,000	18,200,000
Proceeds from sale and finance leaseback transactions		2,742,751	12,165,520
Repayment of loans		(65,470,287)	(60,948,704)
Repayment of short-term bonds		(20,900,000)	(14,300,000)
Repayment of long-term bonds		–	(5,500,000)
Repayment of finance lease payables		(4,211,376)	(3,707,878)
Interest paid		(7,306,710)	(10,612,451)
Dividends paid to owners of the Company		(2,262,706)	(1,730,305)
Dividends paid to non-controlling interests		(2,110,441)	(2,078,654)
Others		(2,854)	3,348
Net cash generated used in financing activities		(7,400,546)	(10,662,586)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Effect of foreign exchange rate changes		(4,345)	1,548
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>5,199,317</b>	<b>5,013,275</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>31</b>	<b>4,500,684</b>	<b>5,199,317</b>



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 1. GENERAL INFORMATION

Datang International Power Generation Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) as a joint stock limited liability company. The Company’s H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the London Stock Exchange Limited while the Company’s A shares are listed on the Shanghai Stock Exchange. The address of its registered office is No. 9 Guangningbo Street, Xicheng District, Beijing 100033, the PRC. The addresses of its principal place of business in the PRC and the Hong Kong Special Administrative Region of the PRC (“Hong Kong”) are No. 9 Guangningbo Street, Xicheng District, Beijing 100033, the PRC and 21/F., Gloucester Tower, 15 Queen’s Road Central, Hong Kong respectively.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are power generation and power plant development in the PRC. The Group also engaged in coal trading, chemical products manufacturing and selling, etc.

In the opinion of the directors of the Company, China Datang Corporation (“China Datang”), a company incorporated in the PRC, is the ultimate parent of the Company.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

At 31 December 2016, a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. Consequently, at 31 December 2016, the Group had net current liabilities of approximately RMB37.17 billion (2015, as restated: RMB49.26 billion). The Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB292.97 billion (2015: RMB262.54 billion) and may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable. The directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared these consolidated financial statements on a going concern basis.





## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### (a) Application of new and revised IFRSs

The IASB has issued a number of new and revised IFRSs that are first effective for annual periods beginning on or after 1 January 2016. Of these, the following revised IFRSs are relevant to the Group:

#### **Recent IFRS developments which are required to be adopted in annual accounting periods beginning on or after 1 January 2016**

##### **Amendments to IAS 27 Equity Method in Separate Financial Statements**

The amendments allow entity to use the equity method to account for investments in joint ventures and associates in their separate financial statements. Entity already applying IFRS and electing to change to the equity method in its separate financial statements has to apply that change retrospectively.

The application of the amendments to IAS 27 has resulted in change in the Company's accounting policy for subsequent measurements on its investments in joint ventures and associates from cost method to equity method in its financial statements.

After retrospective application of the amendments, profit for the year of the Company for the year ended 31 December 2015 decreased by RMB398,400 thousand; investments in associates, available-for-sale financial assets revaluation reserve and retained earnings of the Company at 1 January 2016 increased by RMB1,419,884 thousand, RMB37,267 thousand and RMB1,236,858 thousand respectively while investments in joint ventures, capital reserve and other reserves decreased by RMB205,908 thousand, RMB56,129 thousand and RMB4,020 thousand respectively; and investments in associates, investments in joint ventures, available-for-sale financial assets revaluation reserve and retained earnings of the Company at 1 January 2015 increased by RMB1,511,282 thousand, RMB147,386 thousand, RMB17,507 thousand and RMB1,690,299 thousand respectively while capital reserve and other reserves decreased by RMB45,119 thousand and RMB4,020 thousand respectively (collectively referred to as the "Prior Year Adjustments Before 2015"). Since the effect of the Prior Year Adjustments Before 2015 is not material, the statement of financial position of the Company at 1 January 2015 has not been presented.

Other than the amendments to IAS 27, none of these developments have had a material effect on how the Group's financial results and financial position for the current or prior periods have been prepared or presented.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

#### (b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised IFRSs include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 7	Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to IAS 12	Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.



## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

### (b) New and revised IFRSs in issue but not yet effective (Continued)

#### IFRS 9 Financial Instruments

The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from IAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

IFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in IAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for accounts receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in IAS 39 are carried forward largely unchanged.

IFRS 9 substantially overhauls the hedge accounting requirements in IAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

### (b) New and revised IFRSs in issue but not yet effective (Continued)

#### IFRS 9 Financial Instruments (Continued)

The Group's financial assets that are currently classified as available-for-sale include certain listed and unlisted equity securities. The Group expects to irrevocably designate these equity securities as fair value through other comprehensive income. This will give rise to a change in accounting policy. The listed equity securities are currently measured at fair value with fair value changes recognised in other comprehensive income until disposal or impairment at which point the fair value gains or losses are recycled to profit or loss. Under IFRS 9 recycling of the fair value gains and losses is not permitted. The unlisted equity securities are currently measured at cost less impairment with any impairment losses recognised in profit or loss. IFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in IFRS 9 may result in the earlier recognition of impairment losses on the Group's accounts receivables and other financial assets. The Group is unable to quantify the impact until a more detailed assessment is completed.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting IFRS 15 on the consolidated financial statements but is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.



## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

### (b) New and revised IFRSs in issue but not yet effective (Continued)

#### IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). IFRS 16 carries forward the accounting requirements for lessors in IAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property and machinery leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under IFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 47 to the consolidated financial statements, the Group's future minimum lease payments under non-cancellable operating leases amounted to RMB61,524 thousand as at 31 December 2016. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in IFRS 16 and the effects of discounting.

## 4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain available-for-sale financial assets that are measured at fair value).

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 to consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Group's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.



## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

### (b) Business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 December 2016 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (c) Business combination other than under common control and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.





## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting right held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports 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 gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

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

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangement and determined them to all be joint ventures.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports 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 gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.



## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Joint arrangements (Continued)

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

In the Company's statement of financial position, investments in joint ventures are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

### (f) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

#### (ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Foreign currency translation (Continued)

#### (iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (g) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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



#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (g) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land use rights	10–70 years
Buildings and structures	8–45 years
Electricity utility plants	4–35 years
Coal chemical specialised assets	23 years
Transportation facilities	6–12 years
Others	5–22 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings and structures under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

##### (h) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life of 30 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (i) Leases

#### The Group as lessee

##### (i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

##### (ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall be deferred and amortised over the lease term.

#### The Group as lessor

##### (i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

##### (ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.



#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (j) Intangible assets other than goodwill

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is calculated either at rates appropriate to write off their cost over the estimated useful lives on a straight-line basis or on a systematic and proper method to reflect the pattern in which the asset's future economic benefits are expected to be realised by the Group. Mining rights are amortised based on the units of production method while the principal useful lives of other intangible assets are as follows:

Resource use rights	10–40 years
Technology know-how	23 years
Computer software	2–9 years
Others	10 years

##### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis. Costs of inventories include direct material cost and transportation expenses incurred in bringing them to the working locations. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs in power generation and selling expenses.

##### (l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically accounts and notes receivables, other receivables and cash and cash equivalents are classified in this category.

#### (ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

### (n) Accounts and notes receivables and other receivables

Accounts and notes receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

If collection of accounts and notes receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.





## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (o) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

### (p) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the asset's or disposal group's previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

### (q) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

### (s) Financial guarantee contract liabilities

The Group issues financial guarantee contracts that transfer significant insurance risk. Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holders for losses they incur because specified debtors fail to make payments when due in accordance with the original or modified terms of debt instruments.

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and related administrative expenses are used. Any deficiency is immediately charged to the profit or loss by establishing a provision for losses arising from these tests.

### (t) Accounts payables and accrued liabilities

Accounts payables and accrued liabilities are recognised initially at their fair values and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (u) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### (v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from sales of electricity and heat represents the amount of tariffs billed for electricity and heat generated and transmitted to the respective power companies and heat supply companies.



## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (v) Revenue recognition (Continued)

Revenue associated with sales of coal and other goods is recognised when the title to the goods has been passed to customers, which is the date when the goods are either picked up at site or free on board, or delivered to the designated locations and accepted by the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

### (w) Employee benefits

#### (i) Pension and other social obligations

The Group contributes to defined contribution schemes including pension and/or other social benefits in accordance with the local conditions and practices in the municipalities and provinces in which it operates. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

#### (ii) Staff housing benefits

The Company provides housing to its employees at preferential prices. The difference between the selling price and the cost of housing is considered a housing benefit to the employees and is recorded as deferred housing benefits which are amortised on a straight-line basis over the estimated remaining average service lives of the relevant employees and included in salaries and staff welfare expenses.

During 2005 to 2007, the Company and some of its subsidiaries also started to provide monetary housing subsidies to their employees. These subsidies are considered housing benefits and are recorded as deferred housing benefits which are amortised on a straight-line basis over the estimated remaining average service lives of the relevant employees and included in salaries and staff welfare expenses.

In addition, the Group also contributes to the state-prescribed housing fund. Such costs are charged to the profit or loss as incurred.

#### (iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

### (y) Government grants

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

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.



## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (z) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (aa) Value-added tax (“VAT”)

Revenue from sales of electricity and heat and revenue associated with sales of coal and other goods are subjected to VAT in the PRC. VAT payables are determined by applying 17% or 13% or 11% or 6% on the taxable revenue after offsetting deductible input VAT of the period.

### (ab) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for the CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

### (ac) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale financial assets, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for accounts and notes receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for accounts and notes receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.



## 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (ac) Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for accounts and notes and other receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

### (ad) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### (ae) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

#### (a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2 to the consolidated financial statements.

#### (b) Joint control assessment

The Group holds 40% or above of the voting rights of its joint arrangements. The directors have determined that the Group has joint control over these arrangements as under the contractual agreements, it appears that unanimous consent is required from all parties to the agreements for the all relevant activities of Hebei Yuzhou Energy Multiple Development Company Limited ("Yuzhou Energy Multiple Company"), Kailuan (Group) Yuzhou Mining Company Limited ("Yuzhou Mining Company"), Inner Mongolia Huineng Datang Changtan Coal Mining Company Limited ("Changtan Mining Company") and Fujian Ningde Nuclear Power Company Limited ("Ningde Nuclear Power Company").

#### (c) Joint arrangements of limited companies

The Group's joint arrangements of Yuzhou Energy Multiple Company, Yuzhou Mining Company, Changtan Mining Company and Ningde Nuclear Power Company are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, the directors have determined that Yuzhou Energy Multiple Company, Yuzhou Mining Company, Changtan Mining Company and Ningde Nuclear Power Company are classified as joint ventures of the Group.





## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### (a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on power generators. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2016 was RMB182,921,995 thousand (2015, as restated: RMB253,322,679 thousand).

#### (b) Impairment of property, plant and equipment

The Group tests annually whether property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 4 (ab) to the consolidated financial statements. An impairment loss is recognised when the carrying amount of property, plant and equipment exceeds their recoverable amount which has been determined based on value in use calculations. These calculations require the use of estimates such as electricity and heat tariffs and fuel prices. Changes of assumptions in electricity and heat tariffs and fuel prices could affect the result of property, plant and equipment impairment assessment.

During the year, no impairment loss relating to continuing operations (2015: impairment loss relating to continuing operations of RMB31,752 thousand) was recognised. Details of the impairment loss calculation are provided in note 19 to the consolidated financial statements.

#### (c) Approval of construction in new power plants

The Group has not received relevant government approvals from the National Development and Reform Commission (the "NDRC") for its certain power plant construction projects. The ultimate approval from the NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the projects. Based on historical experience, the directors believe that the Group will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

### Key sources of estimation uncertainty (Continued)

#### (d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period was RMB899,886 thousand (2015: RMB899,886 thousand) and no impairment loss was recognised during the year. Details of the impairment of goodwill assessment calculation are provided in note 21 to the consolidated financial statements.

#### (e) Impairment of available-for-sale financial assets

The Group determines whether available-for-sale financial assets have suffered any impairment largely dependent on the management's judgements and assumptions. In making judgements and assumptions, the Group requires to assess the extent and duration when the fair value of a financial asset is lower than its cost, and the financial position and short-term business outlook of the investee company, including industry conditions, technology changes, credit ratings, default rates and counterparty risks.

During the year, no impairment loss relating to continuing operations (2015: impairment loss relating to continuing operations of RMB38,672 thousand) was recognised.

#### (f) Impairment of intangible assets other than goodwill

At the end of each reporting period, the Group determines whether there is any indication that its intangible assets other than goodwill may be impaired. For intangible assets other than goodwill that have an indefinite useful life, the Group is required to perform impairment assessment annually and whenever there is any indication that those assets have suffered an impairment loss. The Group reviews the carrying amounts of its intangible assets other than goodwill to determine whether there is any indication that those intangible assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of the intangible assets other than goodwill is estimated to be less than its carrying amount, it indicates those assets have been impaired.

In assessing value in use of those intangible assets, the future cash flows are estimated using discounted cash flow method. The key assumptions for the discounted cash flow method include the expected production capacity, selling prices, related operating costs and discount rates. These key assumptions are based on expectations with reasonable and appropriate analysis.

As at 31 December 2016, impairment losses on intangible assets other than goodwill amounted to nil (2015: nil).



## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

### Key sources of estimation uncertainty (Continued)

#### (g) Deferred tax assets

The estimates of deferred tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or credit, as well as deferred tax balance. The realisation of deferred tax assets also depends on the realisation of sufficient future taxable profits of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred tax assets.

As at 31 December 2016, the carrying amount of deferred tax assets was RMB3,420,216 thousand (2015: RMB1,182,573 thousand).

#### (h) Allowance for inventories

An allowance is recognised when the net realisable value of inventories is higher than their costs and inventories are obsolete and slow-moving. Determination of allowance for inventories requires the management to obtain conclusive evidence. In making the judgement and estimates, the management also considers the factors such as the purpose of holding the inventories and the effect of the events after the reporting period. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge or write-back in the period in which such estimate has been changed.

As at 31 December 2016, allowance for inventories amounted to RMB48,692 thousand (2015: RMB728,187 thousand).

#### (i) Allowance for accounts and other receivables

The Group makes allowance for accounts and other receivables based on assessments of the recoverability of the accounts and other receivables, including the current creditworthiness and the past collection history of each debtor. Allowance for accounts and other receivables arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for accounts and other receivables, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the accounts and other receivables and allowance for accounts and other receivables in the year in which such estimate has been changed.

As at 31 December 2016, allowance for accounts and other receivables amounted to RMB2,002,696 thousand (2015: RMB2,033,217 thousand).



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

### Key sources of estimation uncertainty (Continued)

#### (j) Income taxes

The Group is subject to income taxes in various regions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, overall assets transfers and corporate restructuring. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, income tax of RMB761,946 thousand (2015: RMB3,281,907 thousand) was credited (2015: charged) to profit or loss based on the estimated profit from continuing operations.

## 6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities.

#### (b) Price risk

The Group's certain available-for-sale financial assets amounted to RMB205,624 thousand (2015: RMB169,029 thousand) as disclosed in note 24 to the consolidated financial statements are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. Since the amounts of such investments are insignificant to the Group, the directors of the Company are of opinion that the Group is not exposed to any significant equity security price risk as at 31 December 2016 and 2015. The Group closely monitors the pricing trends in the open market in determining their long-term strategic stakeholding decisions.



## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Credit risk

The Group's credit risk is primarily attributable to its bank deposits, accounts receivables, other receivables and long-term entrusted loans.

The Group maintains most of its bank deposits in several major government-related financial institutions in the PRC and a non-bank financial institution which is a related party of the Group. With strong State support provided to those government-related financial institutions and the holding of directorship in the board of the related party non-bank financial institution, the directors are of the opinion that there is no significant credit risk on such assets being exposed.

With regard to accounts receivables arising from power sales, most of the power plants of the Group sell electricity to their sole customers, the power grid companies of their respective provinces or regions where the power plants operate. These power plants of the Group communicate with their individual grid companies periodically and believe that adequate allowance for doubtful accounts has been made in the consolidated financial statements. For accounts receivables arising from coal and chemical product sales, the Group assesses the credit quality of the customers, taking into account their financial positions, past experience and other factors. It will also collect advanced payments from their customers. The Group performs periodic credit evaluations of its customers and believes that adequate allowance for doubtful debts has been made in the consolidated financial statements. The Group does not hold any collateral as security for all the receivables.

At 31 December 2016, accounts and notes receivables due from the top five debtors amounted to RMB3,827,508 thousand (2015: RMB3,310,200 thousand), representing 47.82% (2015: 42.12%) of the total accounts and notes receivables. Except for accounts and notes receivables, the Group has no significant concentrations of credit risk.

Other receivables and long-term entrusted loans primarily include amounts due from related parties. The Group assesses the credibility of the related parties by reviewing their operating results and gearing ratios periodically.

### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

The Group monitors the cash flow rolling forecasts of the Group's undrawn borrowing facility and cash and cash equivalents available as at each month end in meeting its liabilities.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (d) Liquidity risk (Continued)

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 31 December 2016</b>					
Long-term loans	12,341,435	15,754,438	40,704,139	78,713,488	147,513,500
Long-term bonds	792,500	792,500	11,213,500	6,756,000	19,554,500
Finance lease payables	2,491,960	3,330,542	5,246,041	2,454,514	13,523,057
Other non-current liabilities, excluding finance lease payables	14,000	7,000	–	–	21,000
Accounts payables and accrued liabilities	20,396,471	–	–	–	20,396,471
Short-term loans	11,437,553	–	–	–	11,437,553
Short-term bonds	14,273,508	–	–	–	14,273,508
<b>At 31 December 2015</b>					
Long-term loans	19,896,751	21,514,500	69,762,832	102,842,117	214,016,200
Long-term bonds	792,500	792,500	8,545,500	10,216,500	20,347,000
Finance lease payables	3,622,653	3,576,604	14,870,162	3,017,099	25,086,518
Other non-current liabilities, excluding finance lease payables	291,557	291,006	859,020	1,420,033	2,861,616
Accounts payables and accrued liabilities	27,603,263	–	–	–	27,603,263
Short-term loans	15,408,852	–	–	–	15,408,852
Short-term bonds	15,143,743	–	–	–	15,143,743



## 6. FINANCIAL RISK MANAGEMENT (Continued)

### (e) Interest rate risk

As the Group has no significant interest-bearing assets except for bank deposits, the Group's operating cash flows are substantially independent of changes in market interest rates.

Most of the bank deposits are maintained in the savings and fixed deposits accounts in the PRC. The interest rates are regulated by the People's Bank of China while the Group closely monitors the fluctuation on such rates periodically. As the average interest rates applied to the deposits are relatively low, the directors are of the opinion that the Group is not exposed to any significant interest rate risk for these assets held as at 31 December 2016 and 2015.

The Group's exposure to interest rate risk arises from its loans. Certain loans bear interests at variable rates varied with the then prevailing market condition, thus exposing the Group to cash flow interest rate risk. The Group analyses interest rate exposures on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

At 31 December 2016, if interest rates on RMB and United States dollars ("USD") denominated loans had been 50 basis points (2015: 50 basis points) lower respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB413,740 thousand (2015: RMB486,883 thousand) and RMB1,556 thousand (2015: RMB2,785 thousand) higher, respectively, arising mainly as a result of lower interest expense on the loans. If interest rates on RMB and USD denominated loans had been 50 basis points (2015: 50 basis points) higher respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB413,740 thousand (2015: RMB486,883 thousand) and RMB1,556 thousand (2015: RMB2,785 thousand) lower, respectively, arising mainly as a result of higher interest expense on the loans.

### (f) Categories of financial instruments at 31 December 2016

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Financial assets:</b>		
Loans and receivables (including cash and cash equivalents)	13,877,865	16,651,356
Available-for-sale financial assets	4,991,091	4,978,596
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	171,401,696	239,473,702

### (g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 7. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at 31 December 2016:

Description	Fair value measurements using Level 1:	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Recurring fair value measurements:</b>		
Available-for-sale financial assets		
Listed securities in Hong Kong	205,624	169,029

## 8. OPERATING REVENUE

An analysis of the Group's operating revenue for the year from continuing operations is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Sales of electricity	51,866,386	55,556,321
Heat supply	1,748,083	1,434,570
Sales of coal	159,157	267,649
Others	3,517,931	2,791,762
	57,291,557	60,050,302





## 9. OTHER (LOSSES)/GAINS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Continuing operations</b>		
(Loss)/gain on disposals of subsidiaries	(407,321)	452
Gain on disposals of available-for-sale financial assets	–	100,167
	<b>(407,321)</b>	<b>100,619</b>

## 10. SEGMENT INFORMATION

Executive directors and certain senior management (including chief accountant) of the Company (collectively referred to as the “Senior Management”) perform the function as chief operating decision makers. The Senior Management reviews the internal reporting of the Group in order to assess performance and allocate resources. Senior Management has determined the operating segments based on these reports.

Senior Management considers the business from a product perspective. Senior Management primarily assesses the performance of power generation and coal separately. Other operating activities primarily include sales of coal ash and aluminium smelting products, etc., and are included in “other segments”.

Senior Management assesses the performance of the operating segments based on a measure of profit before tax prepared under China Accounting Standards for Business Enterprises (“PRC GAAP”).

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include dividend income from available-for-sale financial assets, gain or loss on disposals of available-for-sale financial assets and income tax expense. Segment assets do not include available-for-sale financial assets and deferred tax assets. Segment liabilities do not include current and deferred tax liabilities. Sales between operating segments are marked to market or contracted close to market price and have been eliminated at consolidation level. Unless otherwise noted below, all such financial information in the segment tables below is prepared under PRC GAAP.

The operations of the chemical segment were discontinued in the current year. The segment information reported does not include any amounts for these discontinued operations.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 10. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities from continuing operations:

	Power generation segment <i>RMB'000</i>	Coal segment <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2016</b>				
Revenue from external customers	54,123,551	164,300	3,003,706	57,291,557
Intersegment revenue	704,277	13,866,856	121,562	14,692,695
<b>Segment profit/(loss)</b>	<b>8,941,581</b>	<b>(268,666)</b>	<b>119,692</b>	<b>8,792,607</b>
Depreciation and amortisation	10,243,713	194,037	370,586	10,808,336
Net gains on disposals of property, plant and equipment	10,051	5,089	–	15,140
Loss on disposals of intangible assets	(11,203)	(26)	–	(11,229)
Gain on disposals of construction in progress	1,139	–	–	1,139
Loss on disposals of long-term investments	(86,266)	(252,820)	–	(339,086)
(Reversal of impairment losses)/impairment losses on assets	(52,946)	25,829	–	(27,117)
Interest income	34,563	6,812	2,876	44,251
Interest expense	5,328,875	99,102	62,311	5,490,288
Shares of (losses)/profits of associates	(26,815)	197,322	238,309	408,816
Shares of profits/(losses) of joint ventures	713,777	(8,341)	–	705,436
Income tax (credit)/expense	(840,355)	69,124	22,122	(749,109)



## 10. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities from continuing operations:  
(Continued)

	Power generation segment <i>RMB'000</i>	Coal segment <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2015</b>				
Revenue from external customers	57,616,609	276,277	2,157,416	60,050,302
Intersegment revenue	109,953	13,480,800	1,042,373	14,633,126
Segment profit/(loss)	13,147,168	(1,523,440)	(824,490)	10,799,238
Depreciation and amortisation	9,658,705	306,417	310,915	10,276,037
Net (losses)/gains on disposals of property, plant and equipment	(629)	3	–	(626)
Gain on disposals of intangible assets	369	–	–	369
Gain on disposals of construction in progress	20,530	–	–	20,530
Gain on disposals of long-term investments	452	–	–	452
Impairment losses on assets	165,020	1,283,918	189,235	1,638,173
Interest income	54,366	11,383	6,715	72,464
Interest expense	6,395,707	304,268	70,292	6,770,267
Shares of profits of associates	161,403	42,181	333,079	536,663
Shares of profits/(losses) of joint ventures	593,000	(188,697)	–	404,303
Income tax expense	3,022,690	274,331	23,722	3,320,743



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 10. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities from continuing operations:  
(Continued)

	Power generation segment <i>RMB'000</i>	Coal segment <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 31 December 2016</b>				
Segment assets	211,023,241	10,195,784	12,588,493	233,807,518
Including:				
Investments in associates	1,178,652	2,462,225	4,725,729	8,366,606
Investments in joint ventures	5,662,496	840,277	–	6,502,773
Additions to non-current assets (other than financial assets and deferred tax assets)	15,818,136	277,487	1,789,100	17,884,723
Segment liabilities	169,094,036	4,669,594	8,759,322	182,522,952
<b>At 31 December 2015</b>				
Segment assets	211,867,418	25,571,602	11,768,250	249,207,270
Including:				
Investments in associates	1,085,341	2,067,004	4,633,414	7,785,759
Investments in joint ventures	4,678,202	762,850	–	5,441,052
Additions to non-current assets (other than financial assets and deferred tax assets)	24,500,275	413,971	104,042	25,018,288
Segment liabilities	163,234,461	22,331,414	8,581,496	194,147,371



## 10. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items from continuing operations:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	71,984,252	74,683,428
Elimination of intersegment revenue	(14,692,695)	(14,633,126)
<b>Consolidated revenue from continuing operations</b>	<b>57,291,557</b>	<b>60,050,302</b>
<b>Profit or loss</b>		
Total profit or loss of reportable segments	8,792,607	10,799,238
Dividend income from available-for-sale financial assets	139,330	129,507
Gain on disposals of available-for-sale financial assets	–	100,167
Elimination of intersegment profits	(371,745)	(1,071,255)
IFRS adjustment on reversal of general provision on mining funds	(115,565)	2,216
Other IFRS adjustments	(3,360)	(20,929)
<b>Consolidated profit before tax from continuing operations</b>	<b>8,441,267</b>	<b>9,938,944</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 10. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items from continuing operations: (Continued)

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>		
Total assets of reportable segments	233,807,518	249,207,270
Assets relating to discontinued operations	–	67,838,087
Available-for-sale financial assets	4,982,825	4,970,330
Deferred tax assets	3,393,599	1,150,903
Elimination of intersegment assets	(8,961,517)	(19,798,242)
Reclassification of non-income taxes recoverable	–	4,865,531
IFRS adjustment on reversal of general provision on mining funds	322,845	332,996
Other IFRS adjustments	(79,849)	(71,436)
Consolidated total assets	233,465,421	308,495,439
<b>Liabilities</b>		
Total liabilities of reportable segments	(182,522,952)	(194,147,371)
Liabilities relating to discontinued operations	–	(64,687,718)
Current tax liabilities	(331,124)	(721,074)
Deferred tax liabilities	(555,485)	(579,632)
Elimination of intersegment liabilities	8,780,909	20,117,579
Reclassification of non-income taxes recoverable	–	(4,865,531)
Other IFRS adjustments	(7,776)	(27,353)
Consolidated total liabilities	(174,636,428)	(244,911,100)

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



## 10. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items from continuing operations: (Continued)

### Other material items

	Total of reportable segments <i>RMB'000</i>	Elimination of intersegmen RMB'000	IFRS adjustment on reversal of general provision on mining funds <i>RMB'000</i>	Other IFRS adjustments <i>RMB'000</i>	Total per consolidated statement of financial position/ statement of profit or loss and other comprehensive income <i>RMB'000</i>
<b>Year ended 31 December 2016</b>					
Shares of profits of associates	408,816	–	(45,616)	–	363,200
Shares of profits of joint ventures	705,436	–	(7,190)	–	698,246
Income tax credit	(749,109)	(19,217)	1,369	5,011	(761,946)
<b>Year ended 31 December 2015</b>					
Shares of profits of associates	536,663	–	(21,622)	–	515,041
Shares of profits of joint ventures	404,303	–	(14,708)	–	389,595
Income tax expense	3,320,743	(38,890)	3,670	(3,616)	3,281,907
<b>At 31 December 2016</b>					
Investments in associates	8,366,606	–	195,680	–	8,562,286
Investments in joint ventures	6,502,773	–	127,165	–	6,629,938
<b>At 31 December 2015</b>					
Investments in associates	7,785,759	–	196,112	–	7,981,871
Investments in joint ventures	5,441,052	–	134,758	–	5,575,810



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 10. SEGMENT INFORMATION (Continued)

#### Geographical information (under IFRS):

During the years ended 31 December 2016 and 2015, all revenues from external customers from continuing operations are generated domestically. At 31 December 2016, non-current assets (excluding financial assets and deferred tax assets) amounted to RMB204,697,195 thousand (2015, as restated: RMB275,509,724 thousand) and RMB4,978 thousand (2015: RMB4,221 thousand) are located in the PRC and foreign countries, respectively.

In presenting the geographical information, revenue is based on the locations of the customers.

#### Revenue from major customers:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Power generation segment</b>		
North China Branch of State Grid Corporation of China	13,405,282	15,377,161
State Grid Zhejiang Electric Power Company	4,947,485	5,676,155
State Grid Jibei Electric Power Company	4,621,444	5,411,558
Guangdong Power Grid Corporation	4,255,408	4,941,097
State Grid Beijing Electric Power Company	3,782,911	3,874,988
State Grid Jiangsu Electricity Power Company	3,894,759	3,867,539





## 11. FINANCE COSTS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Continuing operations</b>		
Interest expense on:		
Short-term loans	620,054	609,355
Long-term loans	4,247,553	6,242,197
Short-term bonds	371,416	628,451
Long-term bonds	810,261	602,524
Finance leases	565,281	587,341
Discounted notes receivables	39,866	12,763
Others	–	33,731
Total borrowing costs	6,654,431	8,716,362
Amount capitalised	(1,164,143)	(1,946,095)
	5,490,288	6,770,267
Exchange gain, net	6,213	20,372
Others	102,042	165,273
	<b>5,598,543</b>	<b>6,955,912</b>

Borrowing costs on funds borrowed generally are capitalised at a rate of 4.33% (2015: 5.36%) per annum.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 12. INCOME TAX CREDIT/(EXPENSE)

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2016 RMB'000	2015 RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	(1,921,818)	(3,063,156)
Over/(under)-provision in prior years	5,094	(7,649)
Deferred tax	(1,916,724)	(3,070,805)
	2,678,670	(211,102)
	761,946	(3,281,907)

The Company and its subsidiaries, other than as stated below, are generally subject to PRC Enterprise Income Tax statutory rate of 25% (2015: 25%).

- (i) Pursuant to document Cai Shui [2011] 58 “Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the Western China Development Strategy” issued by the Ministry of Finance of the PRC (the “MOF”), the General Administration of Customs and the State Administration of Taxation of the PRC, certain subsidiaries set up in the western area of the PRC and engaged in a business encouraged by the State are eligible to pay PRC Enterprise Income Tax at a preferential rate of 15% from 1 January 2011 to 31 December 2020.
- (ii) Pursuant to documents Cai Shui [2008] 46 “Implementation of Catalogue of Preferential Enterprise Income Tax Treatment for Public Infrastructure Projects” and [2008]116 “Catalogue of Preferential Enterprise Income Tax Treatment for Public Infrastructure Projects” issued by the MOF and the State Administration of Taxation of the PRC, certain subsidiaries are exempted from PRC Enterprise Income Tax during the first three years of operation commencing from the year of assessment in which the first sale transaction is reported and have been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the statutory rate of 25% from the fourth to sixth year of operation in respect of their operating profit derived from investments in new wind power generation and solar power generation projects approved by government investment task forces after 1 January 2008. This preferential tax treatment will expire from 31 December 2013 to 31 December 2020.
- (iii) Pursuant to Article 28 of “The Law of the PRC on Enterprise Income Tax”, Article 93 of “Regulation on the Implementation of the Law of the PRC on Enterprise Income Tax”, and document Guo Shui Han [2009]203 issued by the State Administration of Taxation of the PRC, a subsidiary of the Company, being a high and new technology enterprise, is eligible to pay PRC Enterprise Income Tax at a preferential rate of 15%.



## 12. INCOME TAX CREDIT/(EXPENSE) (Continued)

The reconciliation between the income tax (credit)/expense and the product of profit before tax from continuing operations multiplied by the PRC Enterprise Income Tax rate is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit before tax from continuing operations	8,441,267	9,938,944
Tax at the PRC Enterprise Income Tax rate of 25% (2015: 25%)	2,110,317	2,484,736
Tax effect of income that is not taxable	(319,306)	(288,827)
Tax effect of expenses that are not deductible	721,005	80,074
Tax effect of utilisation of tax losses not previously recognised	(2,340,561)	(50,928)
Tax effect of temporary differences not recognised	(683,501)	1,055,402
(Over)/under-provision in prior years	(5,094)	7,649
Tax effect of tax concession	(246,877)	(277,141)
Others	2,071	270,942
Income tax (credit)/expense relating to continuing operations	(761,946)	3,281,907



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 13. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's profit for the year from continuing operations is stated after charging/(crediting) the following:

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Auditors' remuneration	15,980	15,770
Allowance for accounts receivables	1,295	341,427
Allowance for inventories (included in operating costs)	–	347,385
Allowance for other receivables	27,938	907,770
Amortisation of deferred income	(316,457)	(926,689)
Amortisation of intangible assets (included in operating costs)	17,980	18,869
Cost of major inventories sold and consumed		
– Fuel	22,260,846	22,273,666
– Spare parts and consumable supplies	303,996	422,923
Rental income generated from investment properties	(32,778)	(30,435)
Dividend income from equity investments	(139,330)	(129,507)
Net gains on disposals of property, plant and equipment	(5,076)	(20,273)
Impairment losses on available-for-sale financial assets	–	38,672
Impairment losses on property, plant and equipment (included in operating costs)	–	31,752
Reversal of allowance for other receivables	(56,350)	(28,832)
Staff costs excluding directors' and supervisors' emoluments		
– Salaries and welfares	2,141,331	2,257,684
– Retirement benefits	514,582	485,755
– Housing benefits	235,415	236,775
– Other costs	495,271	476,947



## 14. BENEFITS AND INTEREST OF DIRECTORS AND SUPERVISORS

## (a) Directors' emoluments

The remuneration of every director and supervisor is set out below:

		Emoluments paid or receivable in respect of a person's service as a director and supervisor whether of the Company or its subsidiary undertaking						Total RMB'000
		Salaries, allowances and bonus				Retirement benefits RMB'000	Other benefits RMB'000	
		Fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Subtotal RMB'000			
<b>Name of director</b>								
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	(i)	-	96	608	704	7	26	737
	(ii)	-	265	60	325	21	80	426
		-	-	-	-	-	-	-
		-	292	516	808	23	106	937
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	(i)	-	-	-	-	-	-	-
	(iii)	-	-	-	-	-	-	-
	(ii)	-	-	-	-	-	-	-
	(i)	137	-	-	-	-	-	137
		137	-	-	-	-	-	137
		137	-	-	-	-	-	137
		137	-	-	-	-	-	137
		137	-	-	-	-	-	137
	(v)	-	-	-	-	-	-	-
	(ii)	-	-	-	-	-	-	-
	(iv)	-	-	-	-	-	-	-
		685	653	1,184	1,837	51	212	2,785
<b>Name of supervisor</b>								
		-	-	-	-	-	-	-
	(vi)	-	-	-	-	-	-	-
		-	295	575	870	24	106	1,000
		-	621	-	621	19	106	746
	(ii)	-	-	-	-	-	-	-
		-	916	575	1,491	43	212	1,746
<b>Total for 2016</b>		685	1,569	1,759	3,328	94	424	4,531

Notes:

- (i) Ceased on 30 June 2016
- (ii) Appointed on 30 June 2016
- (iii) Ceased on 26 February 2016
- (iv) Appointed on 29 December 2016
- (v) Appointed on 26 February 2016
- (vi) Appointed on 25 June 2015 and ceased on 30 June 2016



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 14. BENEFITS AND INTEREST OF DIRECTORS AND SUPERVISORS (Continued)

### (a) Directors' emoluments (Continued)

The remuneration of every director and supervisor is set out below: (Continued)

Name of director	Emoluments paid or receivable in respect of a person's service as a director and supervisor whether of the Company or its subsidiary undertaking						Total RMB'000
	Salaries, allowances and bonus				Retirement benefits RMB'000	Other benefits RMB'000	
	Fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Subtotal RMB'000			
Chen Jinhang	-	-	-	-	-	-	-
Hu Shengmu	-	-	-	-	-	-	-
Wu Jing	-	347	452	799	60	98	957
Liang Yongpan	-	-	-	-	-	-	-
Ying Xuejun (i)	-	277	132	409	44	98	551
Zhou Gang (ii)	-	126	-	126	37	98	261
Liu Haixia	-	-	-	-	-	-	-
Guan Tiangang	-	-	-	-	-	-	-
Cao Xin	-	-	-	-	-	-	-
Cai Shuwen	-	-	-	-	-	-	-
Yang Wenchun (iii)	-	-	-	-	-	-	-
Zhao Jie (iv)	97	-	-	-	-	-	97
Jiang Guohua	137	-	-	-	-	-	137
Dong Heyi (iv)	-	-	-	-	-	-	-
Ye Yansheng (iv)	97	-	-	-	-	-	97
Feng Genfu	137	-	-	-	-	-	137
Luo Zhongwei (v)	-	-	-	-	-	-	-
Liu Huangsong (v)	-	-	-	-	-	-	-
Jiang Fuxiu (v)	-	-	-	-	-	-	-
Zhu Shaowen (vi)	-	-	-	-	-	-	-
	468	750	584	1,334	141	294	2,237
<b>Name of supervisor</b>							
Zhang Xiaoxu	-	-	-	-	-	-	-
Li Baoqing (vii)	-	-	-	-	-	-	-
Liu Chuandong (viii)	-	-	-	-	-	-	-
Yu Meiping	-	288	387	675	47	98	820
Guo Hong	-	156	420	576	20	98	694
	-	444	807	1,251	67	196	1,514
<b>Total for 2015</b>	468	1,194	1,391	2,585	208	490	3,751

Notes:

- (i) Appointed on 29 October 2015
- (ii) Ceased on 23 September 2015
- (iii) Ceased on 26 February 2016
- (iv) Ceased on 14 August 2015
- (v) Appointed on 14 August 2015
- (vi) Appointed on 26 February 2016
- (vii) Ceased on 25 June 2015
- (viii) Appointed on 25 June 2015



## 14. BENEFITS AND INTEREST OF DIRECTORS AND SUPERVISORS (Continued)

### (a) Directors' emoluments (Continued)

Neither any of the directors nor the supervisors waived any remunerations during the year (2015: nil).

### (b) Directors' and supervisors' termination and other benefits

During the year, no remunerations were paid by the Group to any of the directors or the supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

### (c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## 15. EMPLOYEE BENEFITS RELATING TO CONTINUING OPERATIONS

### (a) Retirement benefits relating to continuing operations

The Group is required to make specific contributions to the state-sponsored retirement plan at a rate of 20% (2015: 20%) of the specified salaries of the PRC employees. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group has implemented a supplementary defined contribution retirement scheme. Under this scheme, the employees of the Group make a specified contribution based on their service duration. The Group is required to make a contribution equal to 2 to 3 times of the staff's contributions. The Group may, at their discretion, provide additional contributions to the retirement fund depending on the operating results of the year. The employees will receive the total contributions and any returns thereon, upon their retirements.

The total retirement costs relating to continuing operations incurred by the Group during the year ended 31 December 2016 pursuant to these arrangements amounted to RMB604,275 thousand (2015: RMB575,540 thousand).

### (b) Housing benefits relating to continuing operations

Apart from the housing benefits and monetary subsidies as stated in note 25 to the consolidated financial statements, in accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-sponsored housing fund at rates 10% to 20% (2015: 10% to 20%) of the specified salaries of the PRC employees. At the same time, the employees are required to make a contribution based on certain percentages. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made above. During the year ended 31 December 2016, the Group provided RMB272,059 thousand (2015: RMB252,710 thousand) to the fund relating to continuing operations.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 15. EMPLOYEE BENEFITS RELATING TO CONTINUING OPERATIONS (Continued)

#### (c) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2015: one) director and one (2015: two) supervisor(s) whose emoluments are reflected in the analysis presented in note 14(a) to the consolidated financial statements. The emoluments of the remaining three (2015: two) individuals are set out below:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Basic salaries and allowances	949	643
Bonus	1,720	838
Retirement benefits	74	95
Other benefits	318	196
	<b>3,061</b>	<b>1,772</b>

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Nil to RMB894,510 (2015: RMB837,780) (equivalent to Hong Kong dollars ("HKD") 1,000,000)	–	3
RMB894,511 to RMB1,341,765 (2015: RMB837,781 to RMB1,256,670) (equivalent to HKD1,000,001 to HKD1,500,000)	5	2
	<b>5</b>	<b>5</b>





## 16. DISCONTINUED OPERATIONS

On 30 June 2016, the Company entered into a transfer agreement with Zhongxin Energy and Chemical Technology Company Limited (“Zhongxin Energy and Chemical”), a wholly-owned subsidiary of China Datang, under which the Company conditionally agreed to sell and Zhongxin Energy and Chemical conditionally agreed to acquire the Company’s subsidiaries including wholly-owned subsidiaries, Datang Energy and Chemical Company Limited (“Datang Energy and Chemical”), Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited (“Xilinhaote Brown Coal Company”) and Inner Mongolia Datang International Xilinhaote Power Generation Company Limited and a 60%-owned subsidiary, Inner Mongolia Datang International Xilinhaote Mining Company Limited (collectively referred to as the “Disposed Subsidiaries”), and the assets of Inner Mongolia Keshiketeng Power Source Preliminary Project (collectively referred to as the “Disposal Group”) at a consideration of RMB1 (the “Disposals”). In addition, the Company agreed to waive from repayment of certain entrusted loans provided by the Company to the Disposed Subsidiaries with an amount not exceeding RMB10 billion. The Disposals were completed on 31 August 2016. Details of the assets and liabilities disposed of, and the calculation of the loss on the Disposals are disclosed in the note 44(b) to the consolidated financial statements.

Datang Energy and Chemical and Xilinhaote Brown Coal Company were under chemical segment. The results of the discontinued operations included in the profit for the year are set out below.

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Loss for the year from discontinued operations:		
Operating revenue	1,832,762	1,839,983
Operating costs	(3,983,878)	(4,219,631)
Interest income	3,270	4,121
Finance costs	(1,146,936)	(1,018,946)
Loss before tax	(3,294,782)	(3,394,473)
Income tax expense	(3,174)	(2,192)
Loss for the year	(3,297,956)	(3,396,665)
Loss on the disposal of operations	(4,019,936)	–
Loss for the year from discontinued operations	(7,317,892)	(3,396,665)
Loss for the year from discontinued operations attributable to:		
Owners of the Company	(6,025,980)	(2,501,415)
Non-controlling interests	(1,291,912)	(895,250)
	(7,317,892)	(3,396,665)



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 16. DISCONTINUED OPERATIONS (Continued)

	2016 RMB'000	2015 RMB'000
Loss for the year from discontinued operations included the following:		
Amortisation of deferred income	(16,054)	(141,754)
Amortisation of intangible assets (included in operating costs)	14,449	32,464
Depreciation	1,223,968	1,195,287
Impairment losses on property, plant and equipment (included in operating costs)	–	1,300,380
Reversal of allowance for inventories	–	(5,555)
Cash flows from discontinued operations:		
Net cash (outflows)/inflows from operating activities	(325,595)	111,127
Net cash outflows from investing activities	(2,189,513)	(3,083,389)
Net cash inflows from financing activities	1,754,077	3,936,351
Net cash (outflows)/inflows	(761,031)	964,089

### 17. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Proposed final of nil (2015: RMB0.17) per share	–	2,262,706

Pursuant to the PRC Enterprise Income Tax Law, the Company is required to withhold 10% PRC Enterprise Income Tax when it distributes dividends to its non-PRC resident enterprise shareholders.



## 18. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>(Loss)/profit</b>		
(Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share	<b>(2,753,881)</b>	2,787,739
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	<b>13,310,038</b>	13,310,038

### From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>(Loss)/profit</b>		
(Loss)/profit for the purpose of calculating basic and diluted earnings per share	<b>(2,753,881)</b>	2,787,739
Loss for the year from discontinued operations	<b>6,025,980</b>	2,501,415
Profit for the purpose of calculating basic and diluted earnings per share from continuing operations	<b>3,272,099</b>	5,289,154

The weighted average number of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same.

### From discontinued operations

Basic and diluted loss per share from the discontinued operations is RMB0.45 (2015: RMB0.19) per share, based on the loss for the year from discontinued operations attributable to the owners of the Company of RMB6,025,980 thousand (2015: RMB2,501,415 thousand) and the denominators used are the same as those detailed above for both basic and diluted loss per share.



# Notes to the Consolidated Financial Statements

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## 19. PROPERTY, PLANT AND EQUIPMENT

	Land use rights <i>RMB'000</i>	Buildings and structures <i>RMB'000</i>	Electricity utility plants <i>RMB'000</i>	Coal chemical specialised assets <i>RMB'000</i>	Transportation facilities <i>RMB'000</i>	Others <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>								
At 1 January 2015, as restated	3,606,163	76,052,424	135,701,998	20,008,038	3,540,278	9,428,180	82,496,329	330,833,410
Transfer in/(out), as restated	-	15,552,135	13,570,056	17,046,664	265,101	346,207	(48,738,784)	(1,958,621)
Additions, as restated	164,671	44	13,765	21,347	25,082	30,844	36,193,357	36,449,110
Disposals of subsidiaries	(5,292)	(763,089)	(4,179,376)	-	(21,625)	(10,155)	(128,011)	(5,107,548)
Disposals	-	(1,105,772)	(10,394,804)	(7,665,675)	(524,787)	(71,278)	-	(19,762,316)
At 31 December 2015, as restated and 1 January 2016	3,765,542	89,735,742	134,711,639	29,410,374	3,284,049	9,723,798	69,822,891	340,454,035
Transfer in/(out)	-	2,458,482	6,752,202	6,256	109,613	203,719	(9,530,554)	(282)
Additions	387,061	-	1,240,398	-	401,387	27,551	16,922,247	18,978,644
Disposals of subsidiaries	(1,241,456)	(10,478,937)	(4,125,800)	(29,416,630)	(721,433)	(3,345,324)	(33,819,365)	(83,148,945)
Disposals	(655)	(60,810)	(1,661,389)	-	(55,699)	(394,121)	-	(2,172,674)
At 31 December 2016	2,910,492	81,654,477	136,917,050	-	3,017,917	6,215,623	43,395,219	274,110,778



## 19. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land use rights RMB'000	Buildings and structures RMB'000	Electricity utility plants RMB'000	Coal chemical specialised assets RMB'000	Transportation facilities RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2015	422,822	16,475,601	57,171,075	2,819,954	1,525,215	1,790,109	419,556	80,624,332
Transfer out	-	(2,657)	-	-	-	-	-	(2,657)
Charge for the year	88,154	2,775,868	7,529,547	792,186	278,459	576,633	-	12,040,847
Impairment losses	-	-	31,752	-	-	-	1,300,380	1,332,132
Disposals of subsidiaries	(309)	(177,212)	(1,374,531)	-	(16,092)	(5,208)	-	(1,573,352)
Disposals	-	(287,519)	(3,438,803)	(1,169,488)	(326,028)	(68,108)	-	(5,289,946)
At 31 December 2015 and 1 January 2016	510,667	18,784,081	59,919,040	2,442,652	1,461,554	2,293,426	1,719,936	87,131,356
Transfer out	-	(19)	-	-	-	-	-	(19)
Charge for the year	94,464	2,753,809	7,494,528	893,617	278,892	528,217	-	12,043,527
Disposals of subsidiaries	(132,246)	(1,236,242)	(249,428)	(3,336,269)	(306,332)	(797,111)	(1,719,936)	(7,777,564)
Disposals	(655)	(33,459)	(101,742)	-	(50,891)	(21,770)	-	(208,517)
At 31 December 2016	472,230	20,268,170	67,062,398	-	1,383,223	2,002,762	-	91,188,783
<b>Carrying amount</b>								
At 31 December 2016	2,438,262	61,386,307	69,854,652	-	1,634,694	4,212,861	43,395,219	182,921,995
At 31 December 2015, as restated	3,254,875	70,951,661	74,792,599	26,967,722	1,822,495	7,430,372	68,102,955	253,322,679

During the year, depreciation expenses relating to continuing operations charged into operating costs and construction in progress amounted to RMB10,765,579 thousand (2015: RMB10,134,673 thousand) and RMB53,980 thousand (2015: RMB710,887 thousand), respectively.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 19. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2016 the carrying amount of property, plant and equipment pledged as security for the Group's long-term loans amounted to RMB3,754,550 thousand (2015: RMB3,814,509 thousand).

During the year ended 31 December 2015, Gansu Datang International Liancheng Power Generation Company Limited made impairment loss of RMB31,752 thousand on its property, plant and equipment which are used in power generation segment. As these property, plant and equipment were unable to meet the emission standard of electrostatic precipitation outlet dust under the State's Twelfth-Five Year Plan, replacement for these property, plant and equipment is required. Their recoverable amount which has been determined on the basis of its value in use using discounted cash flow method was estimated at zero.

In addition, due to the extension of project construction period resulting in increase in total construction investment and lower-than-expected future natural gas selling price, Liaoning Datang International Fuxin Coal-based Gas Company Limited expected that the carrying amount of its property, plant and equipment exceeded the future cash flow stream to be generated from the plant being built. This indicated that there may be impairment of property, plant and equipment. It carried out review of the recoverable amount of these property, plant and equipment which are used in the Group's chemical segment. This led to the recognition of impairment loss of RMB1,300,380 thousand that has been recognised in profit or loss. The recoverable amount of the relevant assets which has been reduced to RMB14,799,635 thousand has been determined on the basis of its value in use using discounted cash flow method. The discount rate used was 10.52%.

At 31 December 2016, the carrying amount of property, plant and equipment under finance leases are as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Buildings and structures	3,901,758	3,383,188
Electricity utility plants	6,070,100	8,020,901
Coal chemical specialised assets	–	6,923,664
Transportation facilities	939,547	1,274,320
Others	–	442,367
	<b>10,911,405</b>	<b>20,044,440</b>



## 20. INVESTMENT PROPERTIES

	<i>RMB'000</i>
<b>Cost</b>	
At 1 January 2015	659,229
Transfer in	11,787
Transfer out	(492)
At 31 December 2015 and 1 January 2016	670,524
Additions	1,830
Transfer in	263
Others	(8,052)
At 31 December 2016	664,565
<b>Accumulated depreciation</b>	
At 1 January 2015	68,649
Charge for the year	24,306
Transfer out	(58)
At 31 December 2015 and 1 January 2016	92,897
Charge for the year	21,941
At 31 December 2016	114,838
<b>Carrying amount</b>	
At 31 December 2016	549,727
At 31 December 2015	577,627

At 31 December 2016, the Group's total future minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within one year	16,667	18,796
In the second to fifth years, inclusive	27,072	59,041
After five years	5,809	8,323
	49,548	86,160



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## 21. INTANGIBLE ASSETS

	Goodwill RMB'000	Mining rights RMB'000	Resource use rights RMB'000	Technology know-how RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
<b>Cost</b>							
At 1 January 2015	899,886	2,810,177	37,763	699,375	180,351	15,191	4,642,743
Additions	-	-	-	32,145	24,018	1,541	57,704
Disposal of a subsidiary	-	-	-	-	(6,042)	-	(6,042)
At 31 December 2015 and 1 January 2016	899,886	2,810,177	37,763	731,520	198,327	16,732	4,694,405
Additions	-	-	-	270	37,629	367	38,266
Disposals	-	-	-	-	(276)	-	(276)
Disposals of subsidiaries	-	(1,793,117)	-	(731,790)	(58,440)	(1,801)	(2,585,148)
At 31 December 2016	899,886	1,017,060	37,763	-	177,240	15,298	2,147,247
<b>Accumulated amortisation and impairment losses</b>							
At 1 January 2015	-	32,490	33,915	105,700	83,857	14,643	270,605
Amortisation for the year	-	1,476	2,695	28,501	18,895	194	51,761
Disposal of a subsidiary	-	-	-	-	(6,042)	-	(6,042)
At 31 December 2015 and 1 January 2016	-	33,966	36,610	134,201	96,710	14,837	316,324
Amortisation for the year	-	1,247	246	19,856	19,180	141	40,670
Disposals	-	-	-	-	(211)	-	(211)
Disposals of subsidiaries	-	(14,213)	-	(154,057)	(29,670)	(248)	(198,188)
At 31 December 2016	-	21,000	36,856	-	86,009	14,730	158,595
<b>Carrying amount</b>							
At 31 December 2016	899,886	996,060	907	-	91,231	568	1,988,652
At 31 December 2015	899,886	2,776,211	1,153	597,319	101,617	1,895	4,378,081





## 21. INTANGIBLE ASSETS (Continued)

## Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Power generation segment</b>		
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	273,795	273,795
Jiangxi Datang International Xinyu Power Generation Company Limited	104,361	104,361
Zhangjiakou Power Plant No. 2 generator Datang Tongzhou Technology Company Limited	33,561	33,561
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	949	949
Yunnan Datang International Deqin Hydropower Development Company Limited	902	902
Sichuan Jinkang Electricity Development Company Limited	18	18
Shenzhen Datang Baochang Gas Power Generation Company Limited	130,830	130,830
	165,995	165,995
	710,411	710,411
<b>Coal segment</b>		
Inner Mongolia Datang International Zhunge'er Mining Company Limited	120,177	120,177
Inner Mongolia Baoli Coal Company Limited	18,712	18,712
ErDOS Ruidefeng Mining Company Limited	32,546	32,546
	171,435	171,435
<b>Other segments</b>		
Yuneng (Group) Company Limited	18,040	18,040
	899,886	899,886



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 21. INTANGIBLE ASSETS (Continued)

### Goodwill (Continued)

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method for power generation units include the expected tariff rates, demands of electricity in specific regions where these power plants are located and fuel cost. The key assumptions for the discounted cash flow method for coal mining entities include the expected coal price, the estimated remaining coal reserves and the mining plan. These key assumptions are based on past practices and expectations on market development. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years. The Group expects cash flows beyond the respective forecast periods below will be similar to that of last year of respective forecast based on existing production capacity.

The discount rates used in respective value in use calculations are as follows:

	2016	2015
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	7.00%	7.61%
Jiangxi Datang International Xinyu Power Generation Company Limited	9.02%	9.70%
Sichuan Jinkang Electricity Development Company Limited	12.16%	7.06%
Shenzhen Datang Baochang Gas Power Generation Company Limited	12.29%	7.65%
Inner Mongolia Datang International Zhunge'er Mining Company Limited	9.02%	10.26%
Others	9.02% to 12.16%	7.25% to 10.84%

Based on the assessments, the Group believes that there is no impairment of goodwill at 31 December 2016 and 2015.



## 22. INVESTMENTS IN ASSOCIATES

	2016 RMB'000	2015 RMB'000
Unlisted investments:		
Share of carrying amount of interests	8,562,286	7,981,871

Details of the Group's associates at 31 December 2016 are as follows:

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
North China Electric Power Research Institute Company Limited	PRC	124,980	30%	–	Power related technology services
Tongfang Investment Company Limited ("Tongfang Investment Company")	PRC	550,000	36.36%	–	Project investments and management
Shanxi Zhang Electric Datang Tashan Power Generation Company Limited ("Tashan Power Company")	PRC	410,000	40%	–	Power generation
Tongmei Datang Tashan Coal Mine Company Limited ("Tashan Coal Company")	PRC	2,072,540	28%	–	Coal construction and mining
Tangshan Huaxia Datang Power Fuel Company Limited	PRC	20,000	30%	–	Power fuel trading



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid-up capital <i>RMB'000</i> <i>unless otherwise stated</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
China Datang Group Finance Company Limited ("Datang Finance") (i)	PRC	4,869,872	15.89%	–	Financial services
Inner Mongolia Bazhu Railway Company Limited	PRC	100,000	20%	–	Railway and highway construction and operational management
Liaoning Diaobingshan Coal Gangue Power Generation Co., Ltd.	PRC	603,400	40%	–	Power generation
Inner Mongolia Xiduo Railway Company Limited ("Xiduo Railway Company")	PRC	Registered capital: 3,540,249; paid-up capital: 3,240,862	34%	–	Railway transportation services
COSCO Datang Shipping Company Limited	PRC	100,000	45%	–	Cargo shipping
Inner Mongolia Datang Da Ta Energy Company Limited	PRC	20,000	35%	–	Construction and operation of coal logistics park zone
Datang Wealth Management Co., Ltd. ("Datang Wealth Company") (ii)	PRC	100,000	15%	–	Investment management and advisory
Fuxin Huanfa Wastage Disposal Company Limited	PRC	Registered capital: 25,000; paid-up capital: 20,000	–	20%	Environmental greening
Chongqing Fuling Water Resources Development Company Limited	PRC	120,000	–	42.1%	Hydropower technology development
Fujian Baima Harbour Railway Spur Line Company Limited	PRC	Registered capital: 150,000; paid-up capital: 316,500	–	27.35%	Railway transportation
Jinzhou Thermal Power Company Limited	PRC	155,000	–	25.81%	Heat supply
Macro Technologies Inc. (Vietnam) Limited	Vietnam	USD150,000	–	35%	Electricity related technical services
Chongqing Guanming Investment Company Limited	PRC	100,000	49%	–	Investment management



## 22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Shanxi Datang International Yuncheng Power Generation Company Limited	PRC	264,694	49%	–	Power generation
Inner Mongolia Hutietaihe Logistics Company Limited	PRC	56,700	–	49%	Provision of railway logistics services
Inner Mongolia Datang Tongfang Silicon and Aluminum Technology Company Limited	PRC	10,000	26%	–	Development and production of silicon and aluminum alloy
Datang Tibet Bodui Hydropower Development Company Limited	PRC	Registered capital: 478,800; paid-up capital: 506,090	20%	–	Hydropower construction
Datang Finance Leasing Company Limited ("Datang Leasing Company")	PRC	2,000,000	20%	–	Finance leasing business
Baxin Railway Company Limited ("Baxin Railway Company")	PRC	2,600,000	20%	–	Railway construction
China Datang Corporation Nuclear Power Company Limited	PRC	390,221	40%	–	Nuclear power development, construction and operations
Beijing Shangshan Hengsheng Property Company Limited ("Shangshan Property Company") (iii)	PRC	63,763	60%	–	Property development
Datang Tibet Wangpai Hydropower Development Company Limited	PRC	95,000	20%	–	Hydropower construction
Ningxia Datang International Daba Power Generation Company Limited	PRC	489,691	50%	–	Power generation
Jiangxi Jiangmei Datang Coal Company Limited	PRC	20,000	35%	–	Sales of coal
Tongmei Datang Tashan II Power Generation Company Limited	PRC	200,000	40%	–	Power generation
Chongqing Nengtou Electricity Company Limited	PRC	Registered capital: 200,000; paid-up capital: 100,000	29%	–	Power supply
Datang Jiangsu Electricity Company Limited ("Jiangsu Electricity Company") (iv)	PRC	200,000	–	15%	Power supply

## Notes:

- (i) Although the Company holds less than 20% equity interest in Datang Finance, the Company exercises significant influence over Datang Finance which is a non-bank financial institution because the Company has board representation in Datang Finance and the Group had material transactions with Datang Finance.
- (ii) Although the Company holds less than 20% equity interest in Datang Wealth Company, the directors of the Company consider that the Company exercises significant influence over Datang Wealth Company because the Company is entitled to appoint 2 directors out of 5 directors of Datang Wealth Company.
- (iii) The Company entered into an agreement with another shareholder of Shangshan Property Company, which holds 40% equity interest in Shangshan Property Company. Pursuant to this agreement, the Company and the another shareholder would nominate 3 directors and 4 directors respectively. Therefore, the Company does not obtain control over Shangshan Property Company.
- (iv) Although the Group holds less than 20% equity interest in Jiangsu Electricity Company, the directors of the Company consider that the Group exercises significant influence over Jiangsu Electricity Company because the Group is entitled to appoint 1 director out of 3 directors of Jiangsu Electricity Company.



## Notes to the Consolidated Financial Statements

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### 22. INVESTMENTS IN ASSOCIATES (Continued)

The following table shows information on the associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the associates.

Name	Tongfang Investment Company		Tashan Power Company	
	2016	2015	2016	2015
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Project investments and management		Power generation	
% of ownership interests/voting rights held by the Group	36.36%/36.36%	36.36%/36.36%	40%/40%	40%/40%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	776,682	942,095	2,867,413	3,047,497
Current assets	669,582	451,428	683,130	464,410
Non-current liabilities	(6,424)	(8,203)	(1,396,999)	(1,800,000)
Current liabilities	(267,616)	(390,114)	(1,154,131)	(855,184)
Net assets	1,172,224	995,206	999,413	856,723
Group's share of net assets	426,221	361,856	399,765	342,689
Others	90	20	–	–
Group's share of carrying amount of interests	426,311	361,876	399,765	342,689
<b>Year ended 31 December:</b>				
Revenue	4,283	4,182	1,302,993	1,529,386
Profit from operations	175,618	171,002	142,907	323,803
Other comprehensive income	(5,339)	(66,797)	–	–
Total comprehensive income	170,279	104,205	142,907	323,803
Dividends received from associates	72,727	72,720	20,000	120,000

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



## 22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Tashan Coal Company		Datang Finance	
	2016	2015	2016	2015
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Coal construction and mining		Financial services	
% of ownership interests/voting rights held by the Group	28%/28%	28%/28%	15.89%/15.89%	15.89%/15.89%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	7,229,661	7,007,099	24,464,319	23,089,887
Current assets	5,285,583	4,615,542	6,629,521	10,020,969
Non-current liabilities	(1,389,169)	(1,462,012)	–	–
Current liabilities	(2,844,548)	(2,143,188)	(24,324,661)	(26,374,310)
Net assets	8,281,527	8,017,441	6,769,179	6,736,546
Group's share of net assets	2,317,658	2,244,883	1,075,623	1,070,437
Others	3,095	(75,719)	233	152
Group's share of carrying amount of interests	2,320,753	2,169,164	1,075,856	1,070,589
<b>Year ended 31 December:</b>				
Revenue	5,676,695	4,244,329	1,079,027	1,396,262
Profit from operations	349,805	469,433	815,441	928,945
Other comprehensive income	–	–	(263,105)	100,506
Total comprehensive income	349,805	469,433	552,336	1,029,451
Dividends received from associates	–	110,384	83,067	273,254



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Xiduo Railway Company		Datang Leasing Company	
	2016	2015	2016	2015
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Railway transportation services		Finance leasing business	
% of ownership interests/voting rights held by the Group	34%/34%	34%/34%	20%/20%	20%/20%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	10,752,772	10,035,330	17,230,863	16,572,466
Current assets	270,832	135,212	1,672,845	1,374,200
Non-current liabilities	(5,757,896)	(5,417,656)	(1,051,142)	(2,116,857)
Current liabilities	(1,868,715)	(1,183,471)	(15,485,642)	(13,446,090)
Net assets	3,396,993	3,569,415	2,366,924	2,383,719
Group's share of net assets	1,147,685	1,213,601	473,385	476,744
Others	237,026	227,747	-	-
Group's share of carrying amount of interests	1,384,711	1,441,348	473,385	476,744
<b>Year ended 31 December:</b>				
Revenue	1,262,487	1,308,852	855,275	830,648
(Loss)/profit from operations	(166,580)	(66,940)	121,240	69,669
Other comprehensive income	-	-	-	-
Total comprehensive income	(166,580)	(66,940)	121,240	69,669
Dividends received from associates	-	-	20,000	20,000





## 22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Baxin Railway Company	
	2016	2015
Principal place of business/country of incorporation	PRC/PRC	
Principal activities	Railway construction	
% of ownership interests/voting rights held by the Group	20%/20%	20%/20%
	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>		
Non-current assets	6,617,024	6,217,425
Current assets	1,681,415	1,813,424
Non-current liabilities	(5,456,011)	(5,152,668)
Current liabilities	(314,265)	(305,588)
Net assets	2,528,163	2,572,593
Group's share of net assets	505,633	514,519
Others	121,909	119,295
Group's share of carrying amount of interests	627,542	633,814
<b>Year ended 31 December:</b>		
Revenue	75,065	6,738
Loss from operations	(31,346)	(6,240)
Other comprehensive income	–	–
Total comprehensive income	(31,346)	(6,240)
Dividends received from associates	–	–



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 22. INVESTMENTS IN ASSOCIATES (Continued)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>At 31 December:</b>		
Carrying amounts of interests	1,853,963	1,485,647
<b>Year ended 31 December:</b>		
Profit from operations	3,891	193,888
Other comprehensive income	–	–
Total comprehensive income	3,891	193,888

### 23. INVESTMENTS IN JOINT VENTURES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Unlisted investments:		
Share of carrying amount of interests	6,629,938	5,575,810

Details of the Group's joint ventures at 31 December 2016 are as follows:

Name	Place of incorporation/ registration	Registered and paid-up capital <i>RMB'000</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Yuzhou Energy Multiple Company	PRC	1,176,834	50%	–	Power generation
Yuzhou Mining Company	PRC	1,079,157	34%	15%	Coal mining and sales
Changtan Mining Company	PRC	50,000	40%	–	Coal mining and sales
Ningde Nuclear Power Company	PRC	11,177,500	44%	–	Nuclear power plant construction and operations

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



## 23. INVESTMENTS IN JOINT VENTURES (Continued)

The following table shows information of the joint ventures that are material to the Group. These joint ventures are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the joint ventures.

Name	Yuzhou Energy Multiple Company		Yuzhou Mining Company	
	2016	2015	2016	2015
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Power generation		Coal mining and sales	
% of ownership interests/voting rights held by the Group	50%/50%	50%/50%	49%/49%	49%/49%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	4,368,513	3,316,939	6,217,149	5,836,633
Current assets	198,823	186,622	347,320	268,631
Non-current liabilities	(2,989,580)	(2,263,476)	(1,426,208)	(1,580,919)
Current liabilities	(760,514)	(568,441)	(3,798,406)	(3,208,524)
Net assets	817,242	671,644	1,339,855	1,315,821
Group's share of net assets	408,621	335,822	450,153	644,752
Others	29,667	–	(20,982)	(182,949)
Group's share of carrying amount of interests	438,288	335,822	429,171	461,803
Cash and cash equivalents included in current assets	5,656	38,242	68,375	17,271
Current financial liabilities (excluding accounts and other payables and provisions) included in current liabilities	495,600	–	(2,771,143)	(2,197,113)
Non-current financial liabilities (excluding accounts and other payables and provisions) included in non-current liabilities	(2,989,580)	(2,263,476)	(1,172,353)	(1,353,453)
<b>Year ended 31 December:</b>				
Revenue	115,103	144,991	1,713,351	2,392,915
Depreciation and amortisation	(17,886)	(18,127)	(56,598)	(146,650)
Interest income	53	108	412	1,014
Interest expense	(50,074)	(53,583)	(51,039)	(26,452)
Income tax credit	–	–	4,891	10,005
(Loss)/profit from operations and total comprehensive income	(43,900)	(157,166)	24,034	(356,166)



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 23. INVESTMENTS IN JOINT VENTURES (Continued)

Name	Changtan Mining Company		Ningde Nuclear Power Company	
	2016	2015	2016	2015
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Coal mining and sales		Nuclear power plant construction and operations	
% of ownership interests/voting rights held by the Group	40%/40%	40%/40%	44%/44%	44%/44%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	106	205	50,751,697	49,860,697
Current assets	49,855	49,756	7,241,982	6,039,071
Non-current liabilities	–	–	(38,456,008)	(40,865,132)
Current liabilities	(4)	(4)	(7,987,040)	(4,253,601)
Net assets	49,957	49,957	11,550,631	10,781,035
Group's share of net assets	19,983	19,983	5,082,278	4,743,655
Others	80,000	80,000	580,218	(65,453)
Group's share of carrying amount of interests	99,983	99,983	5,662,496	4,678,202
Cash and cash equivalents included in current assets	48,152	47,447	108,552	335,323
Current financial liabilities (excluding accounts and other payables and provisions) included in current liabilities	–	–	(4,356,383)	(1,173,543)
Non-current financial liabilities (excluding accounts and other payables and provisions) included in non-current liabilities	–	–	(37,988,706)	(40,501,839)
<b>Year ended 31 December:</b>				
Revenue	–	–	8,037,013	6,684,012
Depreciation and amortisation	–	–	(1,414,559)	(1,151,234)
Interest expense	–	(38)	(1,701,427)	(1,731,338)
Income tax (expense)/credit	–	–	(48,663)	1,013
(Loss)/profit from operations and total comprehensive income	–	(43)	1,547,840	1,379,671
Dividends received from joint ventures	–	–	275,833	742,893



## 24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Equity securities, at fair value Listed in Hong Kong	205,624	169,029
Market value of listed securities	205,624	169,029
Unlisted equity securities, at cost Less: Impairment losses	4,809,545 (24,078)	4,833,645 (24,078)
	4,785,467	4,809,567
	4,991,091	4,978,596

The fair values of listed securities are based on current bid prices. All the unlisted equity securities were carried at cost as they do not have a quoted market price in an active market and their fair values cannot be reliably measured.

## 25. DEFERRED HOUSING BENEFITS

Pursuant to the "Proposal on Further Reform of Housing Policy in Urban Areas" of the State and the implementation schemes for staff quarters issued by the relevant provincial and municipal governments, the Company implemented a scheme for selling staff quarters in 1999. Under the scheme, the Company provides housing benefits to its staff to buy staff quarters from the Company at preferential prices. The offer price is determined based on their length of services and positions pursuant to the prevailing local regulations. The deferred housing benefits represent the difference between the net book amount of the staff quarters sold and the proceeds collected from the employees, and are amortised over the remaining average service life of the relevant employees.

During 2005 to 2007, the Company and some of its subsidiaries carried out another housing benefit scheme – "Monetary Housing Benefit Scheme" upon the approval from Housing Reform Office of the local government. Under the Monetary Housing Benefit Scheme, the Company and some of its subsidiaries provided monetary housing subsidies to those employees whose houses did not meet the standard they should have enjoyed based on their length of services and their positions and rankings. There is no such subsidy payment in 2016 (2015: nil). The benefits were amortised over the remaining average service life of the relevant employees.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 25. DEFERRED HOUSING BENEFITS (Continued)

	<i>RMB'000</i>
<b>Cost</b>	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	653,269
<b>Accumulated amortisation</b>	
At 1 January 2015	628,980
Charge for the year	20,929
At 31 December 2015 and 1 January 2016	649,909
Charge for the year	3,360
At 31 December 2016	653,269
<b>Carrying amount</b>	
At 31 December 2016	–
At 31 December 2015	3,360

### 26. LONG-TERM ENTRUSTED LOANS TO AN ASSOCIATE

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Entrusted loans to an associate	125,188	121,778
Less: Current portion of long-term entrusted loans to an associate	(100,000)	–
	25,188	121,778

At 31 December 2016, the long-term entrusted loans to an associate carried interest rate ranging from 4.75% to 6.00% (2015: 4.75% to 6.00%) per annum and there were neither pledges nor guarantees received on these loans.

The long-term entrusted loans are due within 1 and 2 years (2015: 2 and 3 years) from the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



### 27. OTHER NON-CURRENT ASSETS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (restated)
Long-term receivables	143,491	237,217
Long-term prepaid expenses	163,592	679,906
Prepayments for equipment	3,191,735	2,773,571
Others	694,227	221,029
	<b>4,193,045</b>	<b>3,911,723</b>
Less: Current portion of other non-current assets	(11,656)	(63,360)
	<b>4,181,389</b>	<b>3,848,363</b>

### 28. INVENTORIES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Raw materials	2,502,611	2,610,511
Finished goods	39,985	998,556
Others	223,977	248,714
	<b>2,766,573</b>	<b>3,857,781</b>

### 29. ACCOUNTS AND NOTES RECEIVABLES

Accounts and notes receivables of the Group primarily represent receivables from regional or provincial grid companies for tariff revenue and coal sales customers and comprise the following:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Accounts receivables from third parties	7,428,574	7,278,013
Notes receivables from third parties	497,811	516,622
Accounts receivables from related parties	77,336	65,054
	<b>8,003,721</b>	<b>7,859,689</b>

The Group usually grants credit period of approximately one month to local power grid customers and coal purchase customers from the month end after sales and sale transactions made, respectively.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 29. ACCOUNTS AND NOTES RECEIVABLES (Continued)

The ageing analysis of accounts and notes receivables is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within one year	7,474,919	7,165,522
Between one to two years	134,428	408,095
Between two to three years	227,320	134,081
Over three years	167,054	151,991
	<b>8,003,721</b>	<b>7,859,689</b>

At 31 December 2016, the Group applied tariff collection rights in securing loans and finance lease payables, for which details please refer to notes 35, 42 and 40 to the consolidated financial statements.

Reconciliation of allowance for accounts and notes receivables:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
At 1 January	684,139	342,712
Allowance for the year	1,295	341,427
At 31 December	<b>685,434</b>	<b>684,139</b>

At 31 December 2016, accounts and notes receivables of RMB528,802 thousand (2015: RMB694,167 thousand) were past due but not impaired. The major portion of the past due accounts and notes receivables were due from certain local thermal power companies and customers of coal purchases, and the directors believe that such receivables can be recovered because such local thermal companies and customers of coal purchases had no recent history of default. The ageing analysis of these accounts and notes receivables is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Between one to two years	134,428	408,095
Between two to three years	227,320	134,081
Over three years	167,054	151,991
	<b>528,802</b>	<b>694,167</b>





## 30. PREPAYMENTS AND OTHER RECEIVABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (restated)
<b>Prepayments</b>		
Prepayments for fuel and materials	540,826	158,998
Prepayments for construction	562,069	471,481
VAT recoverable	1,412,090	4,854,850
Other taxes recoverable	3,205	10,759
Prepayments to related parties	179,642	239,298
Prepayments for transportation cost	14,341	49,317
Others	179,253	137,835
	<b>2,891,426</b>	<b>5,922,538</b>
<b>Other receivables</b>		
Advanced payments for construction	431,812	358,769
Receivables from disposals of property, plant and equipment	137,646	149,746
Staff advances	3,049	4,208
Staff housing maintenance fund deposits	16,295	16,669
Receivables from sales of materials	13,388	30,707
Receivables from related parties	157,352	84,257
Other deposits	108,405	174,353
Dividends receivables	173,757	783,985
Government grant receivables	7,759	298,158
Prepayments for fuel recoverable	1,530,367	1,657,711
Receivables from transfer of construction projects	–	249,933
Others	262,637	774,801
	<b>2,842,467</b>	<b>4,583,297</b>
Allowance for doubtful debts	<b>(1,317,262)</b>	<b>(1,349,078)</b>
	<b>1,525,205</b>	<b>3,234,219</b>
	<b>4,416,631</b>	<b>9,156,757</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 30. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Reconciliation of allowance for other receivables:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
At 1 January	1,349,078	470,140
Allowance for the year	27,938	907,770
Amount written off	(3,404)	–
Reversal of allowance	(56,350)	(28,832)
At 31 December	1,317,262	1,349,078

### 31. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Bank deposits	125,568	838,522
Deposits with Datang Finance	4,402,754	4,735,155
Cash on hand	45	214
Restricted deposits included in bank deposits	4,528,367 (27,683)	5,573,891 (374,574)
Cash and cash equivalents	4,500,684	5,199,317

The carrying amounts of the Group's cash and cash equivalents and restricted deposits are denominated in the following currencies:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
RMB	4,481,582	5,530,223
USD	46,166	32,379
HKD	334	11,121
Indonesian Rupiah	285	168
	4,528,367	5,573,891



## 32. SHARE CAPITAL

	Number of shares			Amount		
	A shares (i)	H shares (i)	Total	A shares	H shares	Total
	'000	'000	'000	RMB'000	RMB'000	RMB'000
Registered, issued and fully paid: Shares of RMB1 (2015: RMB1) each						
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	9,994,360	3,315,678	13,310,038	9,994,360	3,315,678	13,310,038

Note:

- (i) Both A shares and H shares rank pari passu to each other.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the returns to the shareholders through the optimisation of the capital structure.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debts or sell assets to reduce debts.

The Group monitors capital on the basis of the liability-to-asset ratio. This ratio is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2016 was 74.80% (2015: 79.39%).

The decrease in the liability-to-asset ratio during 2016 was primarily because the extent of decrease in total liabilities outweighed the extent of decrease in total assets resulting from the Disposals as detailed in note 16 to the consolidated financial statements. Taking into consideration of the expected operating cash flows of the Group and the available banking facilities and their experience in refinancing short-term borrowings, the directors believe the Group can meet their current obligations when they fall due.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

#### (a) Statement of financial position of the Company

	2016 RMB'000	2015 RMB'000 (restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,491,187	16,545,455
Investment properties	210,504	216,899
Intangible assets	58,182	50,545
Investments in subsidiaries	29,238,877	35,703,018
Investments in associates	8,177,870	7,525,448
Investments in joint ventures	6,629,938	5,575,810
Available-for-sale financial assets	4,102,472	4,102,472
Long-term entrusted loans to subsidiaries	2,296,956	4,954,222
Long-term entrusted loan to an associate	4,063	101,662
Deferred tax assets	2,746,522	151,377
Other non-current assets	192,641	195,684
<b>Total non-current assets</b>	<b>69,149,212</b>	<b>75,122,592</b>
<b>Current assets</b>		
Inventories	280,452	161,847
Accounts and notes receivables	1,498,741	1,237,836
Prepayments and other receivables	1,371,624	2,246,406
Tax recoverable	287,265	–
Short-term entrusted loans to subsidiaries	–	4,736,378
Current portion of long-term entrusted loans to subsidiaries	2,427,000	4,900,000
Current portion of long-term entrusted loan to an associate	100,000	–
Cash and cash equivalents	1,893,255	1,393,358
<b>Total current assets</b>	<b>7,858,337</b>	<b>14,675,825</b>
<b>TOTAL ASSETS</b>	<b>77,007,549</b>	<b>89,798,417</b>



### 33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### (a) Statement of financial position of the Company (Continued)

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (restated)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	13,310,038	13,310,038
Reserves	30,454,519	28,284,982
(Accumulated losses)/retained earnings		
Proposed dividends	–	2,262,706
Others	(8,393,720)	3,450,531
<b>Total equity</b>	<b>35,370,837</b>	<b>47,308,257</b>
<b>Non-current liabilities</b>		
Long-term loans	6,140,000	8,250,000
Long-term bonds	15,426,755	15,410,018
Deferred income	398,413	533,496
Other non-current liabilities	7,000	14,000
<b>Total non-current liabilities</b>	<b>21,972,168</b>	<b>24,207,514</b>
<b>Current liabilities</b>		
Accounts payables and accrued liabilities	1,935,768	2,488,830
Taxes payables	161,874	121,342
Short-term loans	2,000,000	800,000
Short-term bonds	14,182,902	14,215,474
Current portion of non-current liabilities	1,384,000	657,000
<b>Total current liabilities</b>	<b>19,664,544</b>	<b>18,282,646</b>
<b>Total liabilities</b>	<b>41,636,712</b>	<b>42,490,160</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,007,549</b>	<b>89,798,417</b>
<b>NET CURRENT LIABILITIES</b>	<b>(11,806,207)</b>	<b>(3,606,821)</b>

Approved by the Board of Directors on 15 March 2017 and are signed on its behalf by:

Wang Xin

Ying Xuejun



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### (b) Reserve movement of the Company

	Capital reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Discretionary surplus reserve <i>RMB'000</i>	Restricted reserve <i>RMB'000</i>	Available- for-sale financial assets revaluation reserve <i>RMB'000</i>	Retained earnings/ (accumulated losses) <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2015, as restated	9,937,191	4,573,185	12,432,852	2,280	17,507	4,278,954	31,241,969
Total comprehensive income for the year, as restated	-	-	-	-	19,760	4,532,846	4,552,606
Others, as restated	(11,010)	-	-	-	-	(55,041)	(66,051)
Transfer from restricted reserve	-	-	-	(2,280)	-	2,280	-
Transfer to surplus reserves	-	457,146	858,351	-	-	(1,315,497)	-
Dividends paid	-	-	-	-	-	(1,730,305)	(1,730,305)
At 31 December 2015, as restated	9,926,181	5,030,331	13,291,203	-	37,267	5,713,237	33,998,219
At 1 January 2016	9,926,181	5,030,331	13,291,203	-	37,267	5,713,237	33,998,219
Total comprehensive income for the year	-	-	-	-	(44,136)	(9,630,578)	(9,674,714)
Transfer to surplus reserve	-	-	2,213,673	-	-	(2,213,673)	-
Dividends paid	-	-	-	-	-	(2,262,706)	(2,262,706)
At 31 December 2016	9,926,181	5,030,331	15,504,876	-	(6,869)	(8,393,720)	22,060,799



## 34. RESERVES

### (a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### (b) Nature and purpose of reserves

#### (i) Capital reserve

Capital reserve mainly comprised: (i) the difference between the nominal amount of the domestic shares issued and the fair value of the net assets injected into the Company during its formation and also proceeds from the issue of H shares and A shares in excess of their par value, net of issuance expenses in 1997, 2006, 2010 and 2011; and (ii) the premium from convertible bonds converted to shares. The capital reserve is non-distributable.

#### (ii) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit under PRC GAAP, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such reserve reaches 50% of the Company's share capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of share capital. The statutory surplus reserve is non-distributable.

#### (iii) Discretionary surplus reserve

Pursuant to the articles of association of the Company, the appropriation of profit to the discretionary surplus reserve and its utilisation are made in accordance with the recommendation of the Board of Directors and is subject to shareholders' approval at their general meeting.

The discretionary surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

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### 34. RESERVES (Continued)

#### (b) Nature and purpose of reserves (Continued)

##### (iv) Restricted reserve

Pursuant to relevant regulations and guidance issued by the MOF, certain deferred housing benefits are charged to equity directly when incurred under PRC GAAP. In order to reflect such undistributable retained earnings in these financial statements prepared under IFRS, a restricted reserve is set up to reduce the balance of retained earnings with an amount equals to the residual balance of deferred housing benefits, net of tax.

Pursuant to relevant PRC regulations, coal mining companies are required to set aside an amount to a fund for future development and work safety which they transferred certain amounts from retained earnings to restricted reserve. The fund can then be used for future development and work safety of the coal mining operations, and is not available for distribution to shareholders. When qualifying development expenditure and improvements of safety incurred, an equivalent amount is transferred from restricted reserve to retained earnings.

#### (c) Basis for profit appropriation

In accordance with the articles of association of the Company, distributable profit of the Company is derived based on the lower of profit determined in accordance with PRC GAAP and IFRS.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



## 35. LONG-TERM LOANS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Long-term bank loans	84,007,660	124,119,908
Other long-term loans	13,907,250	18,585,503
	<b>97,914,910</b>	<b>142,705,411</b>

Long-term loans are repayable as follows:

	2016			2015		
	Long-term bank loans <i>RMB'000</i>	Other long-term loans <i>RMB'000</i>	Total <i>RMB'000</i>	Long-term bank loans <i>RMB'000</i>	Other long-term loans <i>RMB'000</i>	Total <i>RMB'000</i>
Within one year	6,436,337	1,312,457	7,748,794	11,199,286	1,444,913	12,644,199
More than one year, but not exceeding two years	8,639,715	2,899,100	11,538,815	13,558,244	1,317,909	14,876,153
More than two years, but not more than five years	24,476,754	6,995,300	31,472,054	41,662,380	13,342,181	55,004,561
More than five years	44,454,854	2,700,393	47,155,247	57,699,998	2,480,500	60,180,498
	<b>84,007,660</b>	<b>13,907,250</b>	<b>97,914,910</b>	<b>124,119,908</b>	<b>18,585,503</b>	<b>142,705,411</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(6,436,337)</b>	<b>(1,312,457)</b>	<b>(7,748,794)</b>	<b>(11,199,286)</b>	<b>(1,444,913)</b>	<b>(12,644,199)</b>
Amount due for settlement after 12 months	<b>77,571,323</b>	<b>12,594,793</b>	<b>90,166,116</b>	<b>112,920,622</b>	<b>17,140,590</b>	<b>130,061,212</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 35. LONG-TERM LOANS (Continued)

Long-term loans are classified as follows:

	2016			2015		
	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000
Secured loans	30,513,550	–	30,513,550	33,670,942	–	33,670,942
Guaranteed loans	3,433,550	9,486,650	12,920,200	9,605,743	13,619,562	23,225,305
Unsecured loans	50,060,560	4,420,600	54,481,160	80,843,223	4,965,941	85,809,164
	84,007,660	13,907,250	97,914,910	124,119,908	18,585,503	142,705,411
Less: Amount due for settlement within 12 months (shown under current liabilities)						
Secured loans	(2,923,357)	–	(2,923,357)	(2,189,422)	–	(2,189,422)
Guaranteed loans	(312,425)	(1,088,857)	(1,401,282)	(1,424,940)	(199,708)	(1,624,648)
Unsecured loans	(3,200,555)	(223,600)	(3,424,155)	(7,584,924)	(1,245,205)	(8,830,129)
	(6,436,337)	(1,312,457)	(7,748,794)	(11,199,286)	(1,444,913)	(12,644,199)
Non-current portion						
Secured loans	27,590,193	–	27,590,193	31,481,520	–	31,481,520
Guaranteed loans	3,121,125	8,397,793	11,518,918	8,180,803	13,419,854	21,600,657
Unsecured loans	46,860,005	4,197,000	51,057,005	73,258,299	3,720,736	76,979,035
	77,571,323	12,594,793	90,166,116	112,920,622	17,140,590	130,061,212



### 35. LONG-TERM LOANS (Continued)

The carrying amounts of the Group's long-term loans are denominated in the following currencies:

	2016			2015		
	Long-term bank loans <i>RMB'000</i>	Other long-term loans <i>RMB'000</i>	Total <i>RMB'000</i>	Long-term bank loans <i>RMB'000</i>	Other long-term loans <i>RMB'000</i>	Total <i>RMB'000</i>
RMB	83,759,457	13,740,600	97,500,057	123,653,692	18,285,941	141,939,633
USD	248,203	166,650	414,853	443,140	299,562	742,702
EUR	-	-	-	23,076	-	23,076
	84,007,660	13,907,250	97,914,910	124,119,908	18,585,503	142,705,411

The interest rates for long-term loans per annum at 31 December were as follows:

	2016	2015
Long-term bank loans	2.75%–4.90%	3.00%–6.80%
Other long-term loans	1.35%–6.22%	1.13%–6.61%

Long-term loans of RMB5,767,051 thousand (2015: RMB14,103,656 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining long-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2016, long-term bank loans amounted to RMB1,590,000 thousand (2015: RMB1,750,000 thousand) were secured by the following assets:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Property, plant and equipment	3,754,550	3,814,509



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 35. LONG-TERM LOANS (Continued)

At 31 December 2016, long-term bank loans amounted to RMB28,923,550 thousand (2015: RMB31,920,942 thousand) were secured by the following assets of the Group:

	2016 RMB'000	2015 RMB'000
Tariff collection rights	3,710,906	4,151,687
Others	1,033,964	1,082,202
	<b>4,744,870</b>	<b>5,233,889</b>

At 31 December 2016, long-term bank loans amounted to RMB3,433,550 thousand (2015: RMB9,605,743 thousand) were guaranteed by the following parties:

	2016 RMB'000	2015 RMB'000
The Company	3,214,005	7,665,747
A subsidiary of the Company	–	16,000
China Datang	–	1,680,000
Certain non-controlling shareholders of subsidiaries	169,525	179,696
Others	50,020	64,300
	<b>3,433,550</b>	<b>9,605,743</b>

At 31 December 2016, other long-term loans amounted to RMB794,600 thousand (2015: RMB794,600 thousand) which were borrowed from China Datang were unsecured and interest-bearing ranging from 4.75% to 5.40% (2015: 3.60% to 5.40%) per annum.

At 31 December 2016, other long-term loans amounted to RMB3,626,000 thousand (2015: RMB2,926,300 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing ranging from 4.35% to 4.75% (2015: 4.35% to 5.97%) per annum.

At 31 December 2016, other long-term loans amounted to nil (2015: RMB30,000 thousand) which were borrowed from Datang Leasing Company were unsecured and interest-bearing at nil (2015: 4.75%) per annum.



### 35. LONG-TERM LOANS (Continued)

At 31 December 2016, other long-term loans included a loan amounted to RMB166,650 thousand (2015: RMB299,562 thousand) borrowed by the MOF from International Bank for Reconstruction and Development (“World Bank”) and on-lent to a subsidiary of the Company for the construction of electricity utility plant, with the maturities from 1998 to 2017. The effective annual interest rate was LIBOR Base Rate plus LIBOR Total Spread as defined in the loan agreement between MOF and World Bank. China Datang provided guarantees on 60% of the loan balance. In addition, at 31 December 2016, another other long-term loans amounted to RMB3,000,000 thousand (2015: RMB3,000,000 thousand) were also guaranteed by China Datang.

At 31 December 2016, other long-term loans amounted to RMB6,320,000 thousand (2015: RMB10,320,000 thousand) were guaranteed by the Company.

### 36. LONG-TERM BONDS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Medium-term notes (i)	3,482,191	3,474,661
Corporate bonds (ii)	11,944,564	11,935,357
	<b>15,426,755</b>	<b>15,410,018</b>

*Notes:*

- (i) Medium-term notes represented unsecured notes issued by the Company in inter-bank market on 22 August 2014 with par value of RMB100 each totalling RMB3.5 billion (2015: RMB3.5 billion). Such medium-term notes are of 5-year term with fixed annual coupon and effective interest rates of 5.20% (2015: 5.20%) and 5.41% (2015: 5.41%), respectively. At 31 December 2016, accrued interest for these notes amounted to RMB65,819 thousand (2015: RMB65,639 thousand).
- (ii) Corporate bonds represented unsecured bonds issued by the Company on 19 August 2009, 22 April 2011, 27 March 2013 and 3 November 2014 with par value of RMB100 each totalling RMB12 billion (2015: RMB12 billion). Such bonds, which are secured by China Datang and of which 65.29% (2015: 65.29%) of RMB3 billion were counter-guaranteed by the Company, are of 10-year term with fixed annual coupon and effective interest rates of 5.00%/5.25%/5.10%/5.00% and 5.10%/5.36%/5.20%/5.10%, respectively. At 31 December 2016, accrued interest for these bonds amounted to RMB308,732 thousand (2015: RMB307,541 thousand).

### 37. DEFERRED INCOME

Deferred income primarily represented government grants received by the Group from local environmental protection authorities for undertaking approved environmental protection projects and excess of sales proceeds over the carrying amounts of certain sale and finance leaseback assets.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 38. DEFERRED TAX

The following are the deferred tax assets (before offset) recognised by the Group:

	Assets revaluation RMB'000	Deductible tax losses RMB'000	Intragroup unrealised profits RMB'000	Depreciation RMB'000	Government grants RMB'000	Impairment of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015	4,491	191,818	642,026	39,648	192,478	232,454	112,611	1,415,526
(Charge)/credit to profit or loss for the year	(209)	(140,398)	69,570	2,955	(6,059)	(144,569)	(14,243)	(232,953)
At 31 December 2015 and 1 January 2016	4,282	51,420	711,596	42,603	186,419	87,885	98,368	1,182,573
(Charge)/credit to profit or loss for the year	(279)	2,647,595	36,748	(555)	1,813	4,816	(31,395)	2,658,743
Disposals of subsidiaries	-	(16,594)	(404,506)	-	-	-	-	(421,100)
At 31 December 2016	4,003	2,682,421	343,838	42,048	188,232	92,701	66,973	3,420,216

The following are the deferred tax liabilities (before offset) recognised by the Group:

	Assets revaluation RMB'000	Depreciation RMB'000	Mining safety and development funds RMB'000	Deferred housing benefits RMB'000	Fair value gain on available-for- sale financial assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015	595,312	4,552	24,350	2,658	41,256	5,390	673,518
(Credit)/charge to profit or loss for the year	(22,583)	(2,373)	2,961	(2,616)	-	(492)	(25,103)
Charge to other comprehensive income for the year	-	-	-	-	(40,304)	(1,126)	(41,430)
At 31 December 2015 and 1 January 2016	572,729	2,179	27,311	42	952	3,772	606,985
(Credit)/charge to profit or loss for the year	(20,853)	(2,179)	4,467	(42)	-	(1,121)	(19,728)
Credit to other comprehensive income for the year	-	-	-	-	6	-	6
Disposals of subsidiaries	-	-	(24,002)	-	-	-	(24,002)
At 31 December 2016	551,876	-	7,776	-	958	2,651	563,261



### 38. DEFERRED TAX (Continued)

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Deferred tax assets	3,420,216	1,182,573
Deferred tax liabilities	(563,261)	(606,985)
	<b>2,856,955</b>	<b>575,588</b>

No deferred tax asset has been recognised in respect of certain unused tax losses of RMB4,230,077 thousand (2015: RMB10,722,227 thousand) due to the unpredictability of future profit streams. The related unrecognised tax losses will expire in the following years ending 31 December:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
2016	–	302,065
2017	315,897	377,763
2018	370,204	2,302,650
2019	1,141,630	3,209,194
2020	1,422,226	4,530,555
2021	980,120	–
	<b>4,230,077</b>	<b>10,722,227</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 39. PROVISIONS

	Litigation <i>RMB'000</i>	Mine disposal and environmental restoration <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2016	328,588	43,550	372,138
Provisions used	(328,588)	–	(328,588)
Changes in present value	–	905	905
Disposal of a subsidiary	–	(44,455)	(44,455)
At 31 December 2016	–	–	–

The litigation provision represents legal claims brought against the Group by banks relating to the accounts receivables factoring loans to a supplier of a subsidiary of the Group. The provision is made based on legal advice received.

The mine disposal and environmental restoration provision represents the Group's best estimate of the Group's liability for remediation costs based on industry standards and historical experience.

### 40. OTHER NON-CURRENT LIABILITIES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Finance lease payables	11,815,872	21,429,012
Others	21,150	2,079,792
	11,837,022	23,508,804
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,505,960)	(4,023,660)
	9,331,062	19,485,144





## 40. OTHER NON-CURRENT LIABILITIES (Continued)

## Finance lease payables

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	2,491,960	3,622,653	2,053,464	2,684,119
In the second to fifth years, inclusive	8,576,583	18,446,766	7,419,175	15,987,558
After five years	2,454,514	3,017,099	2,343,233	2,757,335
Less: Future finance charges	13,523,057 (1,707,185)	25,086,518 (3,657,506)	11,815,872 N/A	21,429,012 N/A
Present value of lease obligations	<b>11,815,872</b>	<b>21,429,012</b>	<b>11,815,872</b>	<b>21,429,012</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(2,053,464)	(2,684,119)
Amount due for settlement after 12 months			<b>9,762,408</b>	<b>18,744,893</b>

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 8 years (2015: 8 years). At 31 December 2016, the average effective borrowing rate was 4.65% (2015: 4.95%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the plant and machinery at nominal prices.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 40. OTHER NON-CURRENT LIABILITIES (Continued)

The Group's finance lease payables amounted to RMB1,850,230 thousand (2015: RMB2,521,800 thousand) were secured by the following assets of the Group:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Restricted deposits, all of which will be refunded after settlements of last instalments of respective finance lease arrangements	96,881	127,836
Tariff collection rights	86,618	101,685
	<b>183,499</b>	<b>229,521</b>

At 31 December 2016, finance lease payables amounted to RMB5,339,835 thousand (2015: RMB6,253,177 thousand) which were due to associates were unsecured and interest-bearing ranging from 4.19% to 5.59% (2015: 4.41% to 5.87%) per annum.

At 31 December 2016, finance lease payables amounted to RMB1,855,043 thousand (2015: RMB351,615 thousand) which were due to a subsidiary of China Datang were unsecured and interest-bearing ranging from 4.27% to 4.90% (2015: 4.56% to 4.96%) per annum.

At 31 December 2016, finance lease payables guaranteed by China Datang and the Company amounted to nil (2015: RMB7,936,935 thousand) and RMB1,233,239 thousand (2015: RMB9,387,180 thousand) respectively.

At 31 December 2016, the total future minimum sublease payments expected to be received under non-cancellable subleases amounted to nil (2015: RMB22,325 thousand).



## 41. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Accounts and notes payables</b>		
Fuel and materials payables to third parties	4,533,106	7,087,569
Fuel and materials payables to related parties	535,197	554,146
Notes payables to third parties	1,397,532	1,495,939
Notes payables to related parties	790,917	600,000
	<b>7,256,752</b>	<b>9,737,654</b>
Construction payables to third parties	7,716,532	11,281,741
Construction payables to related parties	553,574	507,312
Acquisition considerations payables	434	101,779
Receipts in advance from third parties	171,848	289,308
Receipts in advance from related parties	10,560	13,477
Salaries and welfares payables	71,768	117,919
Interests payables	556,470	609,980
Other payables to related parties	1,028,777	1,070,021
Others	3,029,756	3,874,072
	<b>20,396,471</b>	<b>27,603,263</b>

The ageing analysis of the accounts and notes payables is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within one year	6,586,715	8,270,774
Between one to two years	273,194	575,759
Between two to three years	190,362	524,844
Over three years	206,481	366,277
	<b>7,256,752</b>	<b>9,737,654</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 42. SHORT-TERM LOANS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Short-term bank loans	9,666,875	11,807,757
Other short-term loans	1,343,300	2,978,000
	<b>11,010,175</b>	<b>14,785,757</b>

Short-term loans are classified as follows:

	2016			2015		
	Short-term bank loans <i>RMB'000</i>	Other short-term loans <i>RMB'000</i>	Total <i>RMB'000</i>	Short-term bank loans <i>RMB'000</i>	Other short-term loans <i>RMB'000</i>	Total <i>RMB'000</i>
Secured loans	14,000	–	14,000	–	–	–
Guaranteed loans	100,000	–	100,000	4,180,000	–	4,180,000
Unsecured loans	9,552,875	1,343,300	10,896,175	7,627,757	2,978,000	10,605,757
	<b>9,666,875</b>	<b>1,343,300</b>	<b>11,010,175</b>	<b>11,807,757</b>	<b>2,978,000</b>	<b>14,785,757</b>

The carrying amounts of the Group's short-term loans are denominated in the following currencies:

	2016			2015		
	Short-term bank loans <i>RMB'000</i>	Other short-term loans <i>RMB'000</i>	Total <i>RMB'000</i>	Short-term bank loans <i>RMB'000</i>	Other short-term loans <i>RMB'000</i>	Total <i>RMB'000</i>
RMB	9,587,120	1,343,300	10,930,420	11,795,082	2,978,000	14,773,082
USD	79,755	–	79,755	12,675	–	12,675
	<b>9,666,875</b>	<b>1,343,300</b>	<b>11,010,175</b>	<b>11,807,757</b>	<b>2,978,000</b>	<b>14,785,757</b>



## 42. SHORT-TERM LOANS (Continued)

The interest rates for short-term loans per annum at 31 December were as follows:

	2016	2015
Short-term bank loans	1.95%–4.35%	2.00%–6.15%
Other short-term loans	3.65%–4.35%	3.92%–5.35%

Short-term loans of RMB3,911,055 thousand (2015: RMB12,809,257 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining short-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2016, short-term bank loans amounted to RMB14,000 thousand (2015: nil) were secured by certain tariff collection rights of the Group.

At 31 December 2016, short-term bank loans amounted to RMB100,000 thousand (2015: RMB4,180,000 thousand) were guaranteed by the Company.

At 31 December 2016, other short-term loans amounted to RMB1,336,500 thousand (2015: RMB2,976,000 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing ranging from 3.65% to 4.35% (2015: 3.92% to 5.35%) per annum.

## 43. SHORT-TERM BONDS

At 31 December 2016, short-term bonds represented unsecured bonds issued by the Group in April 2016, May 2016, August 2016 and September 2016 (2015: March 2015, May 2015, June 2015, July 2015 and August 2015) at par value of RMB100 each with annual coupon and effective interest rate of ranging from 2.53% to 2.78% (2015: 3.00% to 4.98%) and matured within 12 months.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation from profit/(loss) before tax to cash generated from operations

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit/(loss) before tax		
Continuing operations	8,441,267	9,938,944
Discontinued operations	(7,314,718)	(3,394,473)
	1,126,549	6,544,471
Adjustments for:		
Depreciation of property, plant and equipment	11,989,547	11,329,960
Depreciation of investment properties	21,941	24,306
Amortisation of intangible assets	32,429	51,333
Amortisation of long-term prepaid expenses	49,235	174,308
Amortisation of deferred income	(332,511)	(1,068,443)
Amortisation of deferred housing benefits	3,360	20,929
Net gains on disposals of property, plant and equipment	(5,076)	(20,273)
Loss on disposals of intangible assets	26	–
Write-off of property, plant and equipment	3,098	28,848
Interest income	(47,521)	(76,585)
Finance costs	6,624,597	7,783,435
Investment income	(174,066)	(160,865)
Impairment losses on available-for-sale financial assets	–	38,672
Impairment losses on property, plant and equipment	–	1,332,132
Allowance for inventories	–	347,385
Reversal of allowance for inventories	–	(5,555)
Allowance for accounts receivables	1,295	341,427
Allowance for other receivables	27,938	907,770
Reversal of allowance for other receivables	(56,350)	(28,832)
Shares of profits of associates	(363,200)	(515,041)
Shares of profits of joint ventures	(698,246)	(389,595)
Other losses/(gains)	4,427,257	(100,619)
Operating profit before working capital changes	22,630,302	26,559,168
Increase in inventories	(312,284)	(536,930)
(Increase)/decrease in accounts and notes receivables	(954,287)	1,516,618
Decrease/(increase) in prepayments and other receivables	309,544	(1,043,029)
Increase in accounts payables and accrued liabilities	1,358,793	2,035,350
Increase/(decrease) in taxes payables	98,041	(353,090)
Cash generated from operations	23,130,109	28,178,087



## 44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## (b) Disposals of subsidiaries

In addition to the Disposals as detailed in note 16 to the consolidated financial statements, on 31 July 2016, the Group disposed of all its 70% interest in a subsidiary, Yunnan Datang International Biyuhe Hydropower Development Company Limited ("Biyuhe Hydropower Company").

On 5 December 2016, the Group disposed of all its equity interest in a wholly-owned subsidiary, Guangdong Datang International Yangxi Wind Power Company Limited ("Yangxi Wind Power Company").

Net (liabilities)/assets at the date of disposals were as follows:

	Disposal Group <i>RMB'000</i>	Biyuhe Hydropower Company <i>RMB'000</i>	Yangxi Wind Power Company <i>RMB'000</i>	Total <i>RMB'000</i>
Property, plant and equipment	75,144,388	213,589	13,404	75,371,381
Intangible assets	2,386,960	–	–	2,386,960
Investment in an associate	4,000	–	–	4,000
Available-for-sale financial assets	24,100	–	–	24,100
Deferred tax assets	421,100	–	–	421,100
Other non-current assets	532,650	–	–	532,650
Inventories	1,403,492	–	–	1,403,492
Accounts and notes receivables	810,072	183	–	810,255
Prepayments and other receivables	3,586,923	796	–	3,587,719
Current portion of other non-current assets	8,672	–	–	8,672
Cash and cash equivalents	453,513	830	–	454,343
Long-term loans	(43,434,361)	(25,000)	–	(43,459,361)
Deferred income	(1,237,653)	–	–	(1,237,653)
Deferred tax liabilities	(24,002)	–	–	(24,002)
Provisions	(44,455)	–	–	(44,455)
Other non-current liabilities	(9,707,232)	–	–	(9,707,232)
Accounts payables and accrued liabilities	(7,959,284)	(36,220)	–	(7,995,504)
Taxes payables	(80,976)	(5)	–	(80,981)
Dividends payables	(58,342)	(288)	–	(58,630)
Short-term loans	(12,101,480)	(59,000)	–	(12,160,480)
Current portion of non-current liabilities	(13,187,398)	(30,000)	–	(13,217,398)
Net (liabilities)/assets disposed of	(3,059,313)	64,885	13,404	(2,981,024)



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

#### (b) Disposals of subsidiaries (Continued)

	Disposal Group <i>RMB'000</i>	Biyuhe Hydropower Company <i>RMB'000</i>	Yangxi Wind Power Company <i>RMB'000</i>	Total <i>RMB'000</i>
Non-controlling interests	(2,537,832)	(19,466)	–	(2,557,298)
Release of other reserves	(9,393)	3	–	(9,390)
Waiver of other payables	–	–	(3,404)	(3,404)
Waiver of entrusted loans	9,997,499	–	–	9,997,499
Loss on disposals of subsidiaries	(4,390,961)	(26,296)	(10,000)	(4,427,257)
Total consideration – satisfied by cash	–	19,126	–	19,126
Net cash (outflow)/inflow arising on disposals:				
Cash consideration received	–	19,126	–	19,126
Cash and cash equivalents disposed of	(453,513)	(830)	–	(454,343)
	(453,513)	18,296	–	(435,217)

On 27 November 2011, the Group entered into an agreement with another shareholder of a subsidiary of the Company, Ningxia Datang International Daba Power Generation Company Limited (“Daba Power Company”), which holds 50% equity interest in Daba Power Company. Pursuant to this agreement, prior to 1 January 2015, the Group and the another shareholder would nominate 4 directors and 3 directors respectively. Therefore, the Group obtained control over Daba Power Company and consolidated the financial statements of Daba Power Company. Starting from 1 January 2015, the another shareholder and the Group would nominate 4 directors and 3 directors respectively. Accordingly, the Group lost control but maintains significant influence over Daba Power Company.

On 31 March 2015, the Group disposed of 69.78% interest in a subsidiary, Chongqing Luozitang Hydropower Company Limited (“Luozitang Hydropower Company”).





## 44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## (b) Disposals of subsidiaries (Continued)

Net assets at the date of disposals were as follows:

	Daba Power Company <i>RMB'000</i>	Luozitang Hydropower Company <i>RMB'000</i>	Total <i>RMB'000</i>
Property, plant and equipment	3,534,114	82	3,534,196
Inventories	81,739	–	81,739
Accounts and notes receivables	287,090	–	287,090
Prepayments and other receivables	4,661	–	4,661
Cash and cash equivalents	26,985	90	27,075
Long-term loans	(2,565,500)	–	(2,565,500)
Other non-current liabilities	(99,138)	–	(99,138)
Accounts payables and accrued liabilities	(386,498)	(148)	(386,646)
Taxes payables	(5,901)	(2)	(5,903)
Short-term loans	(145,000)	–	(145,000)
Current portion of non-current liabilities	(397,208)	–	(397,208)
Net assets disposed of	335,344	22	335,366
Non-controlling interests	(167,672)	(7)	(167,679)
Fair value of investment in the subsidiary retained	(167,672)	–	(167,672)
Gain on disposal of a subsidiary	–	452	452
Total consideration – satisfied by cash	–	467	467
Net cash (outflow)/inflow arising on disposals:			
Cash consideration received	–	467	467
Cash and cash equivalents disposed of	(26,985)	(90)	(27,075)
	(26,985)	377	(26,608)



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

#### (c) Acquisition of non-controlling interests

During the year, the Company acquired 10.65% equity interest in one of its subsidiaries from a subsidiary of China Datang at a consideration of RMB1 resulting in an increase in its interest to that subsidiary to 51%. In addition, the Company acquired 10.16% equity interest from a non-controlling shareholder of a subsidiary without consideration resulting in an increase in its interest to that subsidiary to 61.16%. The effect of the acquisition of non-controlling interests on the equity attributable to the owners of the Company is as follows:

	<i>RMB'000</i>
Carrying amount of non-controlling interests increased	207,366
Loss on acquisition of non-controlling interests	<b>(207,366)</b>

#### (d) Capital withdrawal from non-controlling interests

During the year ended 31 December 2015, the non-controlling shareholders of the Group's interests in a 60.61% subsidiary withdrew all their capital resulting in an increase in the Group's interest in that subsidiary to 100%. The effect of the capital withdrawal on the equity attributable to the owners of the Company is as follows:

	<i>RMB'000</i>
Carrying amount of non-controlling interests decreased	146,796
Capital withdrawal from non-controlling interests	(69,400)
Gain on capital withdrawal recognised directly in equity	77,396

#### (e) Material non-cash transactions

Additions to property, plant and equipment during the year of nil (2015: RMB650,000 thousand) were financed by finance leases.



#### 45. FINANCIAL GUARANTEES

The Group issues financial guarantee contracts to its associates, joint ventures and associates of China Datang for their borrowings from financial institutions for business developments that transfer significant insurance risk. The risk under any one financial guarantee contract is the possibility that the insured event (default of a specified debtor) occurs and the uncertainty of the amount of the resulting claims. By the nature of such financial guarantee contracts, this risk is predictable.

Experience shows credit risks from specified debtors are relatively remote. The Group maintains a close watch on the financial position and liquidity of the associates, joint ventures and associates of China Datang for which financial guarantees have been granted in order to mitigate such risks. The Group takes all reasonable steps to ensure that it has appropriate information regarding any claim exposure. Details of financial guarantee contracts issued by the Group to the above-mentioned parties at the end of the reporting period are as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Associates	1,020,080	881,181
Joint ventures	214,405	241,032
Associates of China Datang	14,106,000	–
	<b>15,340,485</b>	<b>1,122,213</b>

Based on historical experience, no claims have been made against the Group since the date of granting of the above financial guarantees.



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 46. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Property, plant and equipment	12,553,338	19,036,316
Share of capital commitments of joint ventures	51,404	908,483
	12,604,742	19,944,799

### 47. LEASE COMMITMENTS

At 31 December 2016 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within one year	34,448	41,893
In the second to fifth years inclusive	16,276	46,757
After five years	10,800	13,868
	61,524	102,518



## 48. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions and balances with its related parties during the year:

### (a) Significant transactions with related parties

- (i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and joint ventures of the Group and their respective subsidiaries

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>China Datang Group</b>		
Clean development mechanism income	–	10,575
Purchase of electricity	8,026	–
Sales of desulfurisation materials	–	182
Sales of desulfurisation and denitrification assets (i)	–	2,019,992
Alternative power generation income (ii)	201,137	115,242
Provision of repairs and maintenance services	–	9,339
Provision of desulfurisation and denitrification services	12,000	19,813
Provision of technical support services	3,197	2,221
Purchase of indicators of small-capacity generating units (iii)	–	332,223
Provision of project management services	–	24,184
Provision of property management services	346	79
Purchases of materials and equipment (iv)	1,549,951	744,944
Purchases of fuel (v)	160,950	29,157
Purchase of properties (vi)	105,635	–
Receipt of construction consulting services	26,846	41,052
Operating lease expenses for buildings and facilities	15,562	22,228
Receipt of repairs and maintenance services	34,919	12,240
Receipt of desulfurisation and denitrification and technological transformation services (vii)	1,221,589	1,474,030
Receipt of construction supervision services	5,483	–
Receipt of technical supervision services (ii)	78,069	44,878
Receipt of technical support services	9,635	20,052
Receipt of management services	23,068	23,524
Receipt of finance lease services (ii)	1,590,000	350,000
Drawdown of loans	751,000	–
Interest expense on loans	29,889	29,799
Interest income on entrusted loans	–	413
Receipt of agency and custody services	1,132	15,807
Clean development mechanism expenses	–	2,263
Rental income	4,088	–



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 48. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant transactions with related parties (Continued)

- (i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and joint ventures of the Group and their respective subsidiaries (Continued)

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Associates of China Datang</b>		
Interest income on entrusted loans	31,237	–
<b>Associates of the Group</b>		
Receipt of technical support services	46,630	43,503
Receipt of finance lease services (ii)	400,000	3,760,000
Rental income	701	615
Drawdown of loans	12,197,800	11,649,500
Interest expense on loans (viii)	260,744	328,625
Interest income on deposits (ii)	46,118	61,257
Increase in entrusted loans	–	19,810
Interest income on entrusted loans	3,374	11,847
<b>A subsidiary of an associate of the Group</b>		
Purchases of fuel	–	137,489
<b>Joint ventures of the Group</b>		
Purchases of fuel	276,171	191,730
Interest income on entrusted loans	–	19,098

During the year, China Datang injected capital to three (2015: two) subsidiaries of the Company totalled RMB440,926 thousand (2015: RMB747,880 thousand).

During the year, the Company injected capital to one (2015: two) of its associates which are the subsidiaries of China Datang totalled RMB120,000 thousand (2015: RMB184,341 thousand).

During the year, a subsidiary of the Company set up an associate with a subsidiary of China Datang for a capital injection of RMB3,000 thousand (vi) and RMB17,000 thousand (vi) respectively.



## 48. RELATED PARTY TRANSACTIONS (Continued)

## (a) Significant transactions with related parties (Continued)

- (i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and joint ventures of the Group and their respective subsidiaries (Continued)

During the year, the Company acquired 10.65% equity interest in one of its subsidiaries from a subsidiary of China Datang at a consideration of RMB1 (vi).

During the year ended 31 December 2015, China Datang injected capital to an associate of the Company totalled RMB1,561,069 thousand (iii).

During the year ended 31 December 2015, the Company set up a subsidiary with China Datang for a capital injection of RMB20,500 thousand and RMB18,090 thousand respectively.

- (ii) Financial guarantees and financing facilities with China Datang Group and associates and joint ventures of the Group

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>China Datang Group</b>		
Long-term loans of the Group guaranteed by China Datang	3,099,990	4,859,737
Long-term bonds of the Group guaranteed by China Datang	12,000,000	12,000,000
Long-term loans of associates of China Datang guaranteed by the Company	14,106,000	–
<b>Associates of the Group</b>		
Long-term loans of associates guaranteed by the Company	1,020,080	881,181
Integrated credit facilities provided by an associate	24,000,000	24,000,000
<b>Joint ventures of the Group</b>		
Long-term loans of joint ventures guaranteed by the Company	139,405	241,032
Short-term loan of a joint venture guaranteed by the Company	75,000	–



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 48. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant transactions with related parties (Continued)

##### (iii) Significant transactions with government-related entities

Government-related entities, other than entities under China Datang which is a state-owned enterprise and its subsidiaries, directly or indirectly controlled by the Central People's Government of the PRC ("Government-Related Entities") are also regarded as related parties of the Group.

For the purpose of the related party transactions disclosure, the Group has established procedures for determination, to the extent possible, of the identification of the ownership structure of its customers and suppliers as to whether they are Government-Related Entities to ensure the adequacy of disclosure for all material related party transactions given that many Government-Related Entities have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs.

During the years ended 31 December 2016 and 2015, the Group sold substantially all of its electricity to local government-related power grid companies. Please refer the details of information of power generation revenue to major power grid companies to note 10 to the consolidated financial statements. The Group maintained most of its bank deposits in government-related financial institutions while lenders of most of the Group's loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

During the years ended 31 December 2016 and 2015, other collectively significant transactions with Government-Related Entities also included purchases of fuel and property, plant and equipment.

##### (iv) Compensation to key management personnel of the Group

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Basic salaries and allowances	2,216	3,679
Bonus	3,993	2,841
Retirement benefits	179	543
Other benefits	738	1,190
	<b>7,126</b>	<b>8,253</b>

Further details of directors' and supervisors' remunerations are included in note 14 to the consolidated financial statements.





## 48. RELATED PARTY TRANSACTIONS (Continued)

## (b) Significant balances with related parties

- (i) Significant balances with China Datang Group and associates and joint ventures of the Group and their respective subsidiaries

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> (restated)
<b>China Datang Group</b>		
Deposits paid for property, plant and equipment (included in other non-current assets)	17,943	112,728
Accounts receivables	77,336	65,054
Prepayments and other receivables	336,994	323,532
Accounts payables and accrued liabilities	2,176,849	2,108,441
Long-term loans (including current portion)	794,600	794,600
Other non-current liabilities (including current portion)	1,855,043	351,615
<b>Associates of the Group</b>		
Long-term entrusted loans (including current portion)	125,188	121,778
Prepayments and other receivables	–	23
Short-term loans	1,336,500	2,976,000
Accounts payables and accrued liabilities	742,176	625,553
Long-term loans (including current portion)	3,626,000	2,956,300
Other non-current liabilities (including current portion)	5,339,835	6,253,177
<b>A subsidiary of an associate of the Group</b>		
Accounts payables and accrued liabilities	–	10,962

Except for long-term loans, short-term loans, other non-current liabilities and long-term entrusted loans stated above, all the above balances are unsecured, interest-free and due on demand.

Terms of long-term loans, short-term loans, other non-current liabilities and long-term entrusted loans are described in notes 35, 42, 40 and 26 respectively to the consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 48. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant balances with related parties (Continued)

#### (ii) Significant balances with Government-Related Entities

At 31 December 2016, the long-term loans (including current portion) and short-term loans payable to Government-Related Entities included in long-term loans (including current portion) and short-term loans amounted to RMB83,926,109 thousand (2015: RMB123,723,266 thousand) and RMB9,615,208 thousand (2015: RMB11,807,757 thousand) respectively.

The balances with Government-Related Entities also included substantially all the accounts receivables of local government-related power grid companies, most of the bank deposits which placed in government-related financial institutions as well as accounts payables and accrued liabilities arising from the purchases of coal and property, plant and equipment. These balances are unsecured, interest-free and due within 12 months.

*Notes:*

- (i) Certain transactions totalled nil (2015: RMB2,013,733 thousand) constitute connected transactions under the Listing Rules.
- (ii) These transactions constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (iii) These transactions constitute connected transactions under the Listing Rules.
- (iv) Certain transactions totalled RMB1,359,865 thousand (2015: RMB628,243 thousand) and RMB84,234 thousand (2015: nil) constitute continuing connected transactions and connected transactions respectively under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (v) Certain transactions totalled RMB160,816 thousand (2015: nil) constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected Transactions" of the Report of the Directors.
- (vi) These transactions constitute connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (vii) Certain transactions totalled RMB973,994 thousand (2015: RMB852,222 thousand) and RMB238,381 thousand (2015: RMB549,123 thousand) constitute continuing connected transactions and connected transactions respectively under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (viii) Certain transactions totalled RMB259,612 thousand (2015: RMB326,815 thousand) constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.



## 49. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2016 are as follows:

### (a) Subsidiaries acquired from business combination under common control

Name	Place of incorporation/ registration and operation	Registered and paid-up capital <i>RMB'000</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Liaoning Datang International Renewable Power Company Limited ("Liaoning Renewable Power Company")	PRC	1,716,420	53.85%	–	Wind power generation
Liaoning Datang International Changtu Wind Power Company Limited	PRC	899,680	–	100%	Wind power generation
Datang Zhangzhou Wind Power Company Limited	PRC	217,590	–	100%	Wind power generation

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods

Name	Place of incorporation/ registration and operation	Registered and paid-up capital <i>RMB'000</i> <i>unless otherwise stated</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Tianjin Datang International Panshan Power Generation Company Limited ("Panshan Power Company")	PRC	831,250	75%	–	Power generation
Inner Mongolia Datang International Tuoketuo Power Generation Company Limited ("Tuoketuo Power Company")	PRC	1,714,020	60%	–	Power generation
Shanxi Datang International Shentou Power Generation Company Limited ("Shentou Power Company")	PRC	749,000	60%	–	Power generation
Shanxi Datang International Yungang Thermal Power Company Limited	PRC	690,000	100%	–	Power generation and heat supply



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 49. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital <i>RMB'000</i> <i>unless otherwise stated</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Gansu Datang International Liancheng Power Generation Company Limited	PRC	275,500	55%	–	Power generation
Hebei Datang International Tangshan Thermal Power Company Limited	PRC	380,264	80%	–	Power generation and heat supply
Jiangsu Datang International Lvsigang Power Generation Company Limited ("Lvsigang Power Company")	PRC	1,050,182	55%	–	Power generation
Guangdong Datang International Chaozhou Power Generation Company Limited ("Chaozhou Power Company")	PRC	559,981	52.5%	–	Power generation
Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Company")	PRC	825,090	51%	–	Power generation
Chongqing Datang International Pengshui Hydropower Development Company Limited ("Pengshui Hydropower Company")	PRC	1,098,170	40%	24%	Hydropower generation
Chongqing Datang International Wulong Hydropower Development Company Limited ("Wulong Hydropower Company")	PRC	1,500,930	51%	24.5%	Hydropower generation
Datang International (Hong Kong) Limited	Hong Kong	USD102,900,000	100%	–	Import of power related fuel
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited ("Zhiganglaka Company")	PRC	380,000	–	90%	Hydropower generation
Hebei Datang International Wangtan Power Generation Company Limited ("Wangtan Power Company")	PRC	450,000	70%	–	Power generation
Chongqing Datang International Shizhu Power Generation Company Limited	PRC	585,910	70%	–	Power generation



## 49. PRINCIPAL SUBSIDIARIES (Continued)

## (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital <i>RMB'000</i> <i>unless otherwise stated</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Sichuan Datang International Ganzi Hydropower Development Company Limited ("Ganzi Hydropower Company")	PRC	1,625,063	52.5%	–	Hydropower generation
Beijing Datang Fuel Company Limited ("Beijing Datang Fuel")	PRC	1,009,650	51%	–	Coal trading
Zhejiang Datang Wushashan Power Generation Company Limited ("Wushashan Power Company")	PRC	1,700,000	51%	–	Power generation
Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited ("Tuoketuo II Power Company") (i)	PRC	749,900	40%	–	Power generation
Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited	PRC	458,000	100%	–	Power generation and heat supply
Jiangxi Datang International Fuzhou Power Generation Company Limited ("Fuzhou Power Company")	PRC	1,811,616	51%	–	Power generation
Liaoning Datang International Jinzhou Thermal Power Generation Limited	PRC	368,000	100%	–	Power generation and heat supply
Chongqing Datang International Wulongxingshun Wind Power Company Limited	PRC	93,880	100%	–	Wind power generation
Hebei Datang International Fengrun Thermal Power Company Limited	PRC	393,070	84%	–	Power generation and heat supply
Datang Inner Mongolia Erdos Silicon and Aluminium Technology Company Limited	PRC	188,000	100%	–	Silicon and aluminium smelting
Inner Mongolia Datang International Renewable Energy Resource Development Company Limited	PRC	258,321	51%	–	Production and sale of alumina
Jiangsu Datang Shipping Company Limited	PRC	264,900	98.11%	–	Cargo shipping



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 49. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital <i>RMB'000</i> <i>unless otherwise stated</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Inner Mongolia Datang International Renewable Power Company Limited ("Inner Mongolia Renewable Power Company")	PRC	1,190,020	51%	–	Wind power generation
Fujian Datang International Renewable Power Company Limited ("Fujian Renewable Power Company")	PRC	840,530	53.64%	–	Wind power generation
Shanxi Datang International Linfen Thermal Power Company Limited	PRC	282,550	80%	–	Power generation and heat supply
Liaoning Datang International Fuxin Wind Power Company Limited	PRC	452,400	–	100%	Wind power generation
Tibet Datang International Nujiang Upstream Hydropower Development Company Limited	PRC	310,000	100%	–	Hydropower generation
Datang International Nuclear Power Company Limited	PRC	270,826	100%	–	Nuclear power generation
Datang Tongzhou Technology Company Limited	PRC	100,000	100%	–	Sales of coal ash and integrated application of solid wastes
Yunnan Datang International Electric Power Company Limited ("Yunnan Electric Power Company")	PRC	2,899,888	60.91%	–	Power plant construction and operations
Hebei Datang International Renewable Power Company Limited ("Hebei Renewable Power Company")	PRC	1,394,166	51.94%	–	Wind power generation
Liaoning Datang International Wafangdian Thermal Power Company Limited	PRC	40,000	100%	–	Power generation and heat supply
Inner Mongolia Datang International Haibowan Water Conservancy Hub Development Company Limited	PRC	133,910	100%	–	Water conservancy hub construction and management
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	PRC	60,000	51%	–	Power generation and heat supply



## 49. PRINCIPAL SUBSIDIARIES (Continued)

## (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 <i>unless otherwise stated</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Jiangxi Datang International Xinyu Power Generation Company Limited	PRC	633,910	100%	–	Power generation
Inner Mongolia Datang International Zhunge'er Mining Company Limited ("Zhunge'er Mining Company")	PRC	60,000	52%	–	Coal mining
Hebei Datang International Qian'an Thermal Power Company Limited	PRC	214,914	93.33%	–	Power generation
Yuneng (Group) Company Limited	PRC	1,800,238	100%	–	Hydropower generation
Qinghai Datang International Golmud Photovoltaic Power Generation Company Limited	PRC	79,970	100%	–	Solar power generation
Inner Mongolia Baoli Coal Company Limited	PRC	50,000	70%	–	Coal mining
Sichuan Jinkang Electricity Development Company Limited ("Sichuan Jinkang Company")	PRC	195,000	54.44%	–	Hydropower generation
Shanxi Datang International Renewable Power Company Limited	PRC	362,500	100%	–	Wind power generation
Zhejiang Datang International Jiangshan Xincheng Thermal Power Company Limited	PRC	261,740	100%	–	Power generation and heat supply
Zhejiang Datang International Shaoxing Jiangbin Thermal Power Company Limited	PRC	600,000	90%	–	Power generation and heat supply
Erdos Ruidefeng Mining Company Limited	PRC	237,220	100%	–	Wholesale of coal
Jiangxi Datang International Yichun Coal and Electricity Company Limited	PRC	Registered capital: 10,000; paid-up capital: 2,000	51%	–	Power plant construction and operations
Jiangxi Datang International Renewable Power Company Limited	PRC	302,330	100%	–	Wind power generation
Shenzhen Datang Baochang Gas Power Generation Company Limited ("Baochang Gas Company")	PRC	USD25,000,000	61.16%	–	Natural gas power generation
Guangdong Datang International Zhaoqing Thermal Power Company Limited	PRC	105,181	100%	–	Power generation and heat supply



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 49. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital <i>RMB'000</i> <i>unless otherwise stated</i>	Percentage of equity interest		Principal activities
			Direct	Indirect	
Guangdong Datang International Renewable Power Company Limited	PRC	35,000	100%	–	Wind power generation
Qinghai Datang International Renewable Power Company Limited	PRC	136,970	100%	–	Solar power generation
Ningxia Datang International Renewable Power Company Limited	PRC	227,000	100%	–	Wind power generation
Sichuan Datang International Renewable Power Company Limited	PRC	20,000	100%	–	Solar power generation
Liaoning Datang International Shendong Thermal Power Company Limited	PRC	99,720	100%	–	Power generation and heat supply
Guangdong Datang International Leizhou Power Generation Company Limited (“Leizhou Power Company”) (ii)	PRC	100,000	34%	–	Power plant construction and operation
Hebei Datang International Tangshan Beijiao Thermal Power Generation Company Limited	PRC	37,910	100%	–	Power generation and heat supply
Jiangsu Datang International Jintan Thermal Power Company Limited	PRC	10,000	100%	–	Power generation and heat supply
Jiangsu Datang International Rugao Thermal Power Company Limited	PRC	35,150	60%	–	Power generation and heat supply
Liaoning Datang International Huludao Thermal Power Company Limited	PRC	10,000	100%	–	Power generation and heat supply
Zhejiang Datang International Pinghu Wind Power Company Limited	PRC	10,000	100%	–	Wind power generation
Guangdong Datang International Marketing Company Limited	PRC	Registered capital: 200,000; paid-up capital: 50,000	100%	–	Power supply
Liaoning Datang International Shenfu Thermal Power Company Limited	PRC	5,000	100%	–	Power generation and heat supply





## 49. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

All the above subsidiaries are limited liability companies except that Zhiganglaka Company is also a foreign investment enterprise while Baochang Gas Company and Fuzhou Power Company are also sino foreign equity joint ventures.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

*Notes:*

- (i) On 6 September 2006, the Company entered into an agreement with China Datang, one of the shareholders of Tuoketuo II Power Company, which holds 20% equity interest in Tuoketuo II Power Company. Pursuant to this agreement, the shareholder representative and directors appointed from China Datang will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Tuoketuo II Power Company. Therefore, the Company obtained control over Tuoketuo II Power Company and accounted for it as a subsidiary onwards.
- (ii) The Company entered into an agreement with China Datang, one of the shareholders of Leizhou Power Company, which holds 30% equity interest in Leizhou Power Company in 2015. Pursuant to this agreement, the shareholder representative and directors appointed from China Datang will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Leizhou Power Company. Therefore, the Company obtained control over Leizhou Power Company and accounted for it as a subsidiary onwards.



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 49. PRINCIPAL SUBSIDIARIES (Continued)

The following table shows information on the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Liaoning Renewable Power Company		Panshan Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	46.15%/46.15%	46.15%/46.15%	25%/25%	25%/25%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	3,407,456	3,564,742	1,305,780	1,426,131
Current assets	338,820	438,518	661,949	535,948
Non-current liabilities	(1,022,770)	(1,219,081)	(13,000)	–
Current liabilities	(524,145)	(464,552)	(480,007)	(365,676)
<b>Net assets</b>	<b>2,199,361</b>	<b>2,319,627</b>	<b>1,474,722</b>	<b>1,596,403</b>
Accumulated NCI	1,015,005	1,070,508	368,680	399,101
<b>Year ended 31 December:</b>				
Revenue	556,141	465,209	1,608,656	1,784,627
Profit	193,581	118,170	287,040	454,135
Total comprehensive income	193,581	118,170	287,040	454,135
Profit allocated to NCI	89,338	54,536	71,760	113,535
Dividends paid to NCI	(144,841)	–	(102,180)	(116,544)
Net cash generated from operating activities	478,933	546,908	528,948	715,690
Net cash used in investing activities	(27,061)	(269,299)	(200,839)	(70,995)
Net cash used in financing activities	(453,628)	(286,117)	(282,885)	(646,410)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,756)</b>	<b>(8,508)</b>	<b>45,224</b>	<b>(1,715)</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



## 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Tuoketuo Power Company		Shentou Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	40%/40%	40%/40%	40%/40%	40%/40%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	7,422,178	6,656,003	1,711,782	1,928,777
Current assets	1,030,589	2,370,292	236,934	176,196
Non-current liabilities	(3,138,753)	(3,156,621)	(70,501)	(154,515)
Current liabilities	(1,766,235)	(1,856,356)	(782,445)	(739,256)
<b>Net assets</b>	<b>3,547,779</b>	<b>4,013,318</b>	<b>1,095,770</b>	<b>1,211,202</b>
Accumulated NCI	1,419,111	1,604,480	438,308	484,480
<b>Year ended 31 December:</b>				
Revenue	4,649,318	5,316,543	1,158,424	1,422,382
Profit	1,005,148	1,465,394	171,961	319,325
Total comprehensive income	1,005,148	1,465,394	171,961	319,325
Profit allocated to NCI	402,059	585,809	68,784	127,730
Dividends paid to NCI	(588,275)	(591,327)	(114,957)	(142,389)
Net cash generated from operating activities	1,775,151	2,547,383	446,452	584,416
Net cash generated from/(used in) investing activities	36,310	1,197,091	(49,198)	164,023
Net cash used in financing activities	(2,040,215)	(3,617,479)	(397,250)	(748,482)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(228,754)</b>	<b>126,995</b>	<b>4</b>	<b>(43)</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Lvsigang Power Company		Chaozhou Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	45%/45%	45%/45%	47.5%/47.5%	47.5%/47.5%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	6,802,348	7,411,738	7,223,253	7,779,468
Current assets	776,863	906,677	902,034	871,204
Non-current liabilities	(3,416,122)	(4,401,314)	(1,455,623)	(2,171,062)
Current liabilities	(2,511,123)	(2,159,365)	(1,050,261)	(1,730,688)
<b>Net assets</b>	<b>1,651,966</b>	<b>1,757,736</b>	<b>5,619,403</b>	<b>4,748,922</b>
Accumulated NCI	753,752	797,599	2,618,787	2,203,915
<b>Year ended 31 December:</b>				
Revenue	4,241,392	4,320,112	4,323,439	5,016,486
Profit	427,532	592,188	870,481	1,231,802
Total comprehensive income	427,532	592,188	870,481	1,231,802
Profit allocated to NCI	192,390	266,484	414,872	585,106
Dividends paid to NCI	(239,985)	(213,861)	–	–
Net cash generated from operating activities	1,206,738	1,370,691	1,675,731	1,765,668
Net cash generated from/(used in) investing activities	157,919	60,513	(143,608)	677,442
Net cash used in financing activities	(1,319,410)	(1,502,114)	(1,532,191)	(2,442,987)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>45,247</b>	<b>(70,910)</b>	<b>(68)</b>	<b>123</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



## 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Ningde Power Company		Pengshui Hydropower Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	49%/49%	49%/49%	36%/36%	36%/36%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	5,962,140	6,309,176	10,653,525	11,114,376
Current assets	454,732	746,279	238,930	264,539
Non-current liabilities	(2,450,184)	(3,269,928)	(8,047,363)	(8,754,656)
Current liabilities	(2,656,983)	(2,476,035)	(800,518)	(787,389)
<b>Net assets</b>	<b>1,309,705</b>	<b>1,309,492</b>	<b>2,044,574</b>	<b>1,836,870</b>
Accumulated NCI	684,783	684,678	736,047	662,126
<b>Year ended 31 December:</b>				
Revenue	2,067,930	3,381,943	1,782,182	1,614,969
Profit	214	415,210	699,659	545,920
Total comprehensive income	214	415,210	699,659	545,920
Profit allocated to NCI	105	203,453	250,965	196,532
Dividends paid to NCI	–	(232,878)	(177,044)	(169,396)
Net cash generated from operating activities	869,986	1,719,264	1,630,794	1,381,708
Net cash (used in)/generated from investing activities	(152,482)	(101,732)	(55,409)	46,129
Net cash used in financing activities	(855,277)	(1,467,357)	(1,569,048)	(1,495,680)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(137,773)</b>	<b>150,175</b>	<b>6,337</b>	<b>(67,843)</b>



# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

## 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Wulong Hydropower Company		Wangtan Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	24.5%/24.5%	24.5%/24.5%	30%/30%	30%/30%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	6,475,573	6,582,088	2,442,757	2,673,167
Current assets	90,893	89,149	332,484	222,946
Non-current liabilities	(4,111,000)	(4,349,270)	(961,669)	(898,334)
Current liabilities	(547,553)	(528,856)	(1,020,237)	(1,098,984)
<b>Net assets</b>	<b>1,907,913</b>	<b>1,793,111</b>	<b>793,335</b>	<b>898,795</b>
Accumulated NCI	467,441	439,598	238,000	268,811
<b>Year ended 31 December:</b>				
Revenue	875,931	796,853	1,732,717	1,805,817
Profit	316,186	223,623	244,991	387,098
Total comprehensive income	316,186	223,623	244,991	387,098
Profit allocated to NCI	77,182	54,787	74,325	116,130
Dividends paid to NCI	(49,339)	(52,348)	(105,136)	(99,710)
Net cash generated from operating activities	660,640	604,774	398,607	836,195
Net cash (used in)/generated from investing activities	(136,882)	(100,571)	(159,075)	61,671
Net cash used in financing activities	(517,307)	(516,593)	(223,114)	(871,352)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,451</b>	<b>(12,390)</b>	<b>16,418</b>	<b>26,514</b>



## 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Ganzi Hydropower Company		Beijing Datang Fuel	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	47.5%/47.5%	47.5%/47.5%	49%/49%	49%/49%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	31,150,737	28,195,104	68,595	65,352
Current assets	250,103	332,140	2,933,032	4,441,131
Non-current liabilities	(23,072,571)	(20,929,568)	–	(328,589)
Current liabilities	(2,798,895)	(2,669,956)	(2,536,570)	(3,902,691)
<b>Net assets</b>	<b>5,529,374</b>	<b>4,927,720</b>	<b>465,057</b>	<b>275,203</b>
Accumulated NCI	2,598,393	2,339,380	200,157	97,889
<b>Year ended 31 December:</b>				
Revenue	565,651	153,663	12,993,861	11,884,341
Profit/(loss)	2,799	16,030	189,854	(1,206,564)
Total comprehensive income	2,799	16,030	189,854	(1,206,564)
Profit/(loss) allocated to NCI	2,254	7,614	93,028	(593,158)
Dividends paid to NCI	(428)	–	–	–
Net cash generated from operating activities	517,574	83,449	825,196	279,535
Net cash (used in)/generated from investing activities	(2,659,892)	(3,656,949)	11,030	754,076
Net cash generated from/(used in) financing activities	2,046,777	3,764,359	(913,553)	(1,228,457)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(95,541)</b>	<b>190,859</b>	<b>(77,327)</b>	<b>(194,846)</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Wushashan Power Company		Tuoketuo II Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	49%/49%	49%/49%	60%/60%	60%/60%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	5,149,898	5,237,675	5,589,656	3,931,309
Current assets	842,163	688,793	612,753	169,486
Non-current liabilities	(512,615)	(198,780)	(3,033,980)	(1,891,000)
Current liabilities	(2,802,604)	(2,862,333)	(1,392,798)	(683,705)
<b>Net assets</b>	<b>2,676,842</b>	<b>2,865,355</b>	<b>1,775,631</b>	<b>1,526,090</b>
Accumulated NCI	1,311,653	1,404,024	1,076,359	915,654
<b>Year ended 31 December:</b>				
Revenue	3,699,217	4,202,037	1,506,888	1,786,096
Profit	662,405	945,464	353,861	532,466
Total comprehensive income	662,405	945,464	353,861	532,466
Profit allocated to NCI	324,579	463,278	212,317	319,480
Dividends paid to NCI	(416,950)	(342,286)	(287,532)	(267,402)
Net cash generated from operating activities	960,082	1,637,510	704,914	1,005,393
Net cash (used in)/generated from investing activities	(336,744)	19,289	(1,736,584)	(936,647)
Net cash (used in)/generated from financing activities	(559,903)	(1,659,906)	1,031,300	(69,583)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>63,435</b>	<b>(3,107)</b>	<b>(370)</b>	<b>(837)</b>



# Notes to the Consolidated Financial Statements

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## 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Fuzhou Power Company		Inner Mongolia Renewable Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	49%/49%	49%/49%	49%/49%	49%/49%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	5,606,755	5,530,481	2,357,506	2,440,997
Current assets	1,152,603	522,201	211,391	172,998
Non-current liabilities	(2,240,000)	(2,146,000)	(1,046,672)	(1,095,924)
Current liabilities	(2,175,554)	(1,965,065)	(212,603)	(192,873)
<b>Net assets</b>	<b>2,343,804</b>	<b>1,941,617</b>	<b>1,309,622</b>	<b>1,325,198</b>
Accumulated NCI	1,148,464	951,392	641,714	649,347
<b>Year ended 31 December:</b>				
Revenue	2,568,463	–	303,451	270,215
Profit	402,187	–	72,469	56,464
Total comprehensive income	402,187	–	72,469	56,464
Profit allocated to NCI	197,072	–	35,510	27,667
Dividends paid to NCI	–	–	(43,142)	–
Net cash generated from operating activities	493,418	–	221,615	281,703
Net cash used in investing activities	(877,326)	(1,954,642)	(60,954)	(163,927)
Net cash generated from/(used in) financing activities	414,818	1,937,973	(139,403)	(121,265)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>30,910</b>	<b>(16,669)</b>	<b>21,258</b>	<b>(3,489)</b>



## Notes to the Consolidated Financial Statements

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### 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Fujian Renewable Power Company		Yunnan Electric Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	46.36%/46.36%	46.36%/46.36%	39.09%/39.09%	39.09%/39.09%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	1,193,012	1,244,850	14,321,084	15,146,977
Current assets	146,114	120,240	858,537	700,087
Non-current liabilities	(257,000)	(397,200)	(10,654,354)	(11,206,156)
Current liabilities	(194,211)	(103,911)	(2,570,179)	(2,263,083)
<b>Net assets</b>	<b>887,915</b>	<b>863,979</b>	<b>1,955,088</b>	<b>2,377,825</b>
Accumulated NCI	411,638	400,541	783,431	1,018,227
<b>Year ended 31 December:</b>				
Revenue	160,917	172,824	1,313,444	1,614,008
Profit/(loss)	23,935	29,971	(400,753)	(308,369)
Total comprehensive income	23,935	29,971	(400,753)	(308,369)
Profit/(loss) allocated to NCI	11,096	13,895	(212,810)	(162,225)
Dividends paid to NCI	–	–	(4,920)	(489)
Net cash generated from operating activities	97,618	177,312	1,018,149	662,014
Net cash used in investing activities	(29,369)	(30,370)	(145,854)	(561,724)
Net cash used in financing activities	(64,344)	(102,997)	(732,584)	(110,733)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,905</b>	<b>43,945</b>	<b>139,711</b>	<b>(10,443)</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016



## 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Hebei Renewable Power Company		Zhunge'er Mining Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	<b>48.06%/48.06%</b>	48.06%/48.06%	<b>48%/48%</b>	48%/48%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	3,476,914	3,442,880	969,199	964,687
Current assets	226,699	392,773	217,957	216,810
Non-current liabilities	(1,342,000)	(1,453,800)	(497,374)	(497,374)
Current liabilities	(464,953)	(339,693)	(810)	(969)
<b>Net assets</b>	<b>1,896,660</b>	<b>2,042,160</b>	<b>688,972</b>	<b>683,154</b>
Accumulated NCI	911,535	981,462	330,707	324,826
<b>Year ended 31 December:</b>				
Revenue	482,753	428,666	–	6
Profit	136,887	79,187	5,819	6,758
Total comprehensive income	136,887	79,187	5,819	6,758
Profit allocated to NCI	65,788	38,058	2,793	2,471
Dividends paid to NCI	(135,715)	–	–	–
Net cash generated from/(used in) operating activities	405,598	404,026	(1,957)	(2,544)
Net cash (used in)/generated from investing activities	(108,887)	(87,658)	3,106	(339)
Net cash used in financing activities	(265,828)	(306,477)	–	–
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>30,883</b>	<b>9,891</b>	<b>1,149</b>	<b>(2,883)</b>



## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2016

### 49. PRINCIPAL SUBSIDIARIES (Continued)

Name	Sichuan Jinkang Company		Leizhou Power Company	
	2016	2015	2016	2015
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	45.56%/45.56%	45.56%/45.56%	66%/66%	66%/66%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>At 31 December:</b>				
Non-current assets	4,731,655	4,561,405	3,167,411	922,702
Current assets	105,312	101,297	74,842	42,206
Non-current liabilities	(2,448,480)	(2,382,404)	(1,889,667)	–
Current liabilities	(810,918)	(599,350)	(904,678)	(890,318)
<b>Net assets</b>	<b>1,577,569</b>	<b>1,680,948</b>	<b>447,908</b>	<b>74,590</b>
Accumulated NCI	718,740	766,163	297,920	54,090
<b>Year ended 31 December:</b>				
Revenue	228,286	173,560	–	–
(Loss) /profit	(103,380)	24,235	–	–
Total comprehensive income	(103,380)	24,235	–	–
(Loss) /profit allocated to NCI	(47,100)	12,768	–	–
Dividends paid to NCI	–	(19,785)	–	–
Net cash generated from operating activities	171,695	134,653	–	–
Net cash used in investing activities	(116,249)	(168,970)	(1,777,614)	(471,801)
Net cash (used in)/generated from financing activities	(53,369)	39,082	1,759,453	504,067
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,077</b>	<b>4,765</b>	<b>(18,161)</b>	<b>32,266</b>



## 50. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation. The changes included the reclassification of prepayments for construction and prepayments for equipment previously classified under construction in progress to prepayments and other non-current assets respectively. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.



## Differences Between Financial Statements

For the Year Ended 31 December 2016

The consolidated financial statements which are prepared by the Group in conformity with International Financial Reporting Standards (“IFRS”) differ in certain respects from China Accounting Standards for Business Enterprises (“PRC GAAP”). Major differences between IFRS and PRC GAAP (“GAAP Differences”), which affect the net assets and net profit of the Group, are summarised as follows:

	Note	Net assets	
		2016 RMB'000	2015 RMB'000
Net assets attributable to owners of the Company under IFRS		39,984,321	45,297,483
Impact of IFRS adjustments:			
Difference in the commencement of depreciation of property, plant and equipment	(a)	106,466	106,466
Difference in accounting treatment on monetary housing benefits	(b)	–	(3,360)
Difference in accounting treatment on mining funds	(c)	(322,845)	(332,996)
Applicable deferred tax impact of the above GAAP Differences		(18,841)	(4,317)
Non-controlling interests' impact of the above GAAP Differences after tax		(30,651)	(40,113)
Net assets attributable to owners of the Company under PRC GAAP		39,718,450	45,023,163

	Note	Net profit	
		2016 RMB'000	2015 RMB'000
(Loss) /profit for the year attributable to owners of the Company under IFRS		(2,753,881)	2,787,739
Impact of IFRS adjustments:			
Difference in accounting treatment on monetary housing benefits	(b)	3,360	20,929
Difference in accounting treatment on mining funds	(c)	110,317	2,707
Applicable deferred tax impact of the above GAAP Differences		9,478	(655)
Non-controlling interests' impact of the above GAAP Differences after tax		7,395	(1,687)
Net (loss)/profit for the year attributable to owners of the Company under PRC GAAP		(2,623,331)	2,809,033

# Differences Between Financial Statements

For the Year Ended 31 December 2016



## Notes:

### (a) Difference in the commencement of depreciation of property, plant and equipment

This represents the depreciation difference arose from the different timing of the start of depreciation charge in previous years.

### (b) Difference in accounting treatment on monetary housing benefits

Under PRC GAAP, the monetary housing benefits provided to employees who started work before 31 December 1998 were directly deducted from the retained earnings and statutory public welfare fund after approval by the general meeting of the Company and its subsidiaries.

Under IFRS, these benefits are recorded as deferred assets and amortised on a straight-line basis over the estimated remaining average service lives of relevant employees.

### (c) Difference in accounting treatment on mining funds

Under PRC GAAP, accrual of future development and work safety expenses are included in respective product cost or current period profit or loss and recorded in a specific reserve accordingly. When such future development and work safety expenses are applied and related to revenue expenditures, specific reserve is directly offset when expenses incurred. When capital expenditures are incurred, they are included in construction in progress and transferred to fixed assets when the related assets reach the expected use condition. They are then offset against specific reserve based on the amount included in fixed assets while corresponding amount is recognised in accumulated depreciation. Such fixed assets are not depreciated in subsequent periods.

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



# Corporate Information

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## Registered name of the company

大唐國際發電股份有限公司

## English name of the company

Datang International Power Generation Company Limited

## Office address of the company

No. 9 Guangningbo Street,  
Xicheng District,  
Beijing,  
People's Republic of China

## Principal place of business in Hong Kong

Eversheds  
21/F, Gloucester Tower, The Landmark,  
15 Queen's Road Central,  
Hong Kong

## Legal representative

Chen Jinhang

## Authorised representatives

Wang Xin  
Ying Xuejun

## Secretary to the board

Ying Xuejun

## Principal bankers

### In the PRC:

Industrial and Commercial Bank of China, Xuanwu Branch  
No. 1 Caishikou Street,  
Xicheng District,  
Beijing,  
People's Republic of China

### Outside the PRC:

Bank of China (Hong Kong) Limited  
One Garden Road,  
Central,  
Hong Kong

## Domestic auditor

Ruihua Certified Public Accountants  
(Special General Partnership)  
5-11F, West Tower,  
China Overseas Property Plaza,  
7F, 8 Xibinhe Road,  
Yongding Men,  
Dongcheng District,  
Beijing,  
People's Republic of China

## International auditor

RSM Hong Kong  
Certified Public Accountants  
29th Floor,  
Lee Garden Two,  
28 Yun Ping Road,  
Causeway Bay,  
Hong Kong





### Legal advisors

#### as to PRC law:

Beijing Hylands Law Firm  
5A Hanwei Plaza,  
No. 7 Guanghua Road,  
Chaoyang District,  
Beijing,  
People's Republic of China

#### as to Hong Kong law:

Eversheds  
21/F, Gloucester Tower, The Landmark,  
15 Queen's Road Central,  
Hong Kong

### Listing information

#### H Shares

The Stock Exchange of Hong Kong Limited  
Code: 00991

#### A Shares

Shanghai Stock Exchange  
Code: 601991

#### H Shares

The London Stock Exchange Limited  
Code: DAT

### Share register and transfer office

Computershare Hong Kong Investor Services Limited  
17/F, Hopewell Center,  
183 Queen's Road East,  
Wanchai, Hong Kong

### Information of the company

#### Available at:

Secretariat of Board of Directors  
Datang International Power Generation Company Limited  
No. 9 Guangningbo Street,  
Xicheng District,  
Beijing,  
People's Republic of China

and

Alpha Financial Press Limited  
7/F, Nexxus Building,  
41 Connaught Road Central,  
Hong Kong



## Glossary of Terms

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The following terms have the following meaning in this annual report, unless otherwise required by the context.

“Coal consumption for power supply”	The average amount of standard coal consumed by the thermal power generation unit to produce 1 KWh of power; unit of measurement: g/kWh
“Electricity consumption rate of power plants”	The ratio of electricity consumed during power generation to the electricity generated; unit of measurement: %
“Installed capacity”	The highest level of electrical output which a power plant is designed to be able to maintain continuously without causing damage to the plant
“Equivalent availability factor”	For a specified period and a given power plant, the ratio (usually expressed as a percentage) of the number of available hours in that period (reduced, in the case of hours in which the attainable generating capacity of such plant is less than the installed capacity, by the proportion of installed capacity not so attainable) to the total number of hours in that period
“Utilisation hours”	For a specified period, the number of hours it would take for a power plant operating at installed capacity to generate the amount of electricity actually produced in that period
“MW”	1,000,000 watts (equivalent to 1,000 kW)
“kWh”	A unit of power generation equivalent to the output generated by 1,000 watts of power in one hour



大唐国际发电股份有限公司

DATANG INTERNATIONAL POWER GENERATION CO., LTD.