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

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

(Stock Code: 1071)

ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The board of directors (the "**Board**") of Huadian Power International Corporation Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2017 extracted from the audited consolidated financial statements of the Group prepared in accordance with the International Financial Reporting Standards ("**IFRSs**").

FINANCIAL AND BUSINESS SUMMARY

- Power generation by the Group in 2017 amounted to approximately 191.72 million MWh, representing an increase of approximately 0.87% over 2016; the volume of the power sold amounted to approximately 179.28 million MWh, representing a year-on-year increase of approximately 0.82%;
- Turnover of the Group in 2017 amounted to approximately RMB78.464 billion, representing an increase of approximately 24.87% over 2016;
- Profit for the year attributable to equity shareholders of the Company in 2017 amounted to approximately RMB436 million, representing a decrease of approximately 86.06% over 2016;
- Basic earnings per share in 2017 was approximately RMB0.044, and the Board proposes to declare a final cash dividend of RMB0.018 per share (tax inclusive, based on the total share capital of 9,862,976,653 shares) for the financial year ended 31 December 2017, totalling RMB177,534,000 (tax inclusive). The total dividend accounts for approximately 40.72% of the profit for the year attributable to equity shareholders of the Company for 2017. The dividend distribution proposal is subject to the approval by the shareholders of the Company at the upcoming 2017 annual general meeting (such date has not been determined but will be published by the Company in due course).

STATUTORY SURPLUS RESERVE

According to the Company's articles of association (the "**Articles of Association**"), the Company is required to transfer at least 10% (at the discretion of the Board) of its profit after tax, as determined under the PRC accounting rules and regulations, to its statutory surplus reserve until the surplus reserve balance reaches 50% of its registered capital. The transfer to the statutory surplus reserve must be made before the distribution of dividend to shareholders. The statutory surplus reserve can be used to make up losses (if any) of the previous year and may be converted into share capital by issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after the issue of new shares is not less than 25% of the registered share capital. On 26 March 2018, the Board resolved to transfer 10% of the annual profit after tax as determined under the PRC accounting rules and regulations, amounting to RMB134,437,000 (2016: RMB411,366,000), to the statutory surplus reserve.

DIVIDENDS

Pursuant to a resolution passed at the Board meeting held on 26 March 2018, the Board proposes to declare a final cash dividend of RMB0.018 per share (tax inclusive, based on the total share capital of 9,862,976,653 shares) for the financial year ended 31 December 2017, totalling approximately RMB177,534,000 (tax inclusive). The total dividend accounts for approximately 40.72% of the profit for the year attributable to equity shareholders of the Company for 2017. The dividend distribution proposal is subject to approval by the shareholders of the Company at the upcoming 2017 annual general meeting (such date has not been determined but will be published by the Company in due course).

If the above proposal for dividend distribution is considered and approved at the upcoming 2017 annual general meeting, the Company expects to distribute cash dividends by the end of August 2018.

THE GROUP'S MAJOR EXISTING ASSETS

The Group is one of the largest comprehensive energy companies in the PRC, primarily engaged in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects. The Group's power generating assets are located in 14 provinces, autonomous regions and municipalities across the PRC at the prime location, mainly in the electricity and heat load centres or regions with abundant coal resources.

As at the date of this announcement, the Group had a total of 60 controlled power plants which have commenced operations involving a total of 49,180.1 MW controlled installed capacity, with a total of 39,000 MW attributable to coal-fired generating units, 4,426.5 MW attributable to gas-fired generating units and 5,753.6 MW attributable to renewable energy generating units such as hydropower, wind power and solar power generating units. The details are as follows:

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

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
1	Zouxian Plant	2,575	100%	1 x 635MW + 1 x 600MW + 4 x 335MW

Name of power plant/company		Installed capacity (MW)	Equity interest held by the Company	Generating units
2	Shiliquan Plant	2,060	100%	1 x 660MW + 1 x 600MW + 2 x 330MW + 1 x 140MW
3	Laicheng Plant	1,200	100%	4 x 300MW
4	Shuozhou Thermal Power Branch Company	700	100%	2 x 350MW
5	Huadian Zouxian Power Generation Company Limited ("**Zouxian Company**")	2,000	69%	2 x 1,000MW
6	Huadian Laizhou Power Generation Company Limited ("**Laizhou Company**")	2,000	75%	2 x 1,000MW
7	Huadian Weifang Power Generation Company Limited ("**Weifang Company**")	2,000	45%	2 x 670MW + 2 x 330MW
8	Huadian Qingdao Power Generation Company Limited ("**Qingdao Company**")	1,220	55%	1 x 320MW + 3 x 300MW
9	Huadian Zibo Thermal Power Company Limited ("**Zibo Company**")	950	100%	2 x 330MW + 2 x 145MW
10	Huadian Zhangqiu Power Generation Company Limited ("**Zhangqiu Company**")	925	87.5%	1 x 335MW + 1 x 300MW + 2 x 145MW
11	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("**Tengzhou Company**")	930	93.257%	2 x 315MW + 2 x 150MW
12	Hudian Longkou Power Generation Company Limited ("**Longkou Company**")	880	84.31%	4 x 220MW
13	Huadian Ningxia Lingwu Power Generation Company Limited ("**Lingwu Company**")	3,320	65%	2 x 1,060MW + 2 x 600MW
14	Sichuan Guang'an Power Generation Company Limited ("**Guang'an Company**")	2,400	80%	2 x 600MW + 4 x 300MW
15	Huadian Xinxiang Power Generation Company Limited ("**Xinxiang Company**")	1,320	90%	2 x 660MW
16	Huadian Luohe Power Generation Company Limited ("**Luohe Company**")	660	75%	2 x 330MW
17	Huadian Qudong Power Generation Company Limited ("**Qudong Company**")	660	90%	2 x 330MW
18	Anhui Huadian Suzhou Power Generation Company Limited ("**Suzhou Company**")	1,260	97%	2 x 630MW
19	Anhui Huadian Wuhu Power Generation Company Limited ("**Wuhu Company**")	1,320	65%	2 x 660MW
20	Anhui Huadian Lu'an Power Generation Company Limited ("**Lu'an Company**")	1,320	95%	2 x 660MW
21	Hangzhou Huadian Banshan Power Generation Company Limited ("**Hangzhou Banshan Company**")	2,415.7	64%	3 x 415MW + 3 x 390MW + 0.7MW
22	Hangzhou Huadian Xiasha Thermal Power Company Limited ("**Xiasha Company**")	246	56%	1 x 88MW + 2 x 79MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
23	Hangzhou Huadian Jiangdong Thermal Power Company Limited ("**Jiangdong Company**")	960.5	70%	2 x 480.25MW
24	Huadian Zhejiang Longyou Thermal Power Company Limited ("**Longyou Company**")	406	100%	2 x 127.6MW + 1 x 130.3MW + 1 x 19.5MW + 1MW
25	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("**Shijiazhuang Thermal Power Company**")	475	82%	2 x 200MW + 3 x 25MW
26	Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("**Yuhua Company**")	600	100%	2 x 300MW
27	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("**Luhua Company**")	660	90%	2 x 330MW
28	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("**Pingshi Power Company**")	725	100%	2 x 300MW + 1 x 125MW
29	Tianjin Huadian Fuyuan Thermal Power Company Limited ("**Fuyuan Thermal Power Company**")	400	100%	2 x 200MW
30	Huadian Hubei Power Generation Company Limited ("**Hubei Company**") *(Note)*	5,830	82.56%	2 x 680MW + 1 x 660MW + 2 x 640MW + 6 x 330MW +1 x 300MW + 40 x 2MW +100MW + 40MW +30MW
31	Fengjie Plant	1,200	100%	2 x 600MW

Note: Details of the installed generating units of Hubei Company are as follows:

Name of power plant/company	Installed capacity *(MW)*	Equity interest held by Hubei Company	Generating units
Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Plant ("**Huangshi Thermal Power Plant**")	330	100%	1 x 330MW
Hubei Xisaishan Power Generation Company Limited	660	50%	2 x 330MW
Hubei Huadian Xisaishan Power Generation Company Limited	1,360	50%	2 x 680MW
Hubei Huadian Xiangyang Power Generation Company Limited ("**Xiangyang Company**")	2,570	60.10%	2 x 640MW + 3 x 330MW + 1 x 300MW
Hubei Huadian Jiangling Power Generation Company Limited ("**Jiangling Company**")	660	100%	1 x 660MW
Hubei Huadian Wuxue New Energy Company Limited ("**Wuxue New Energy Company**")	120	100%	40 x 2MW +40MW
Hubei Huadian Suixian Yindian Photovoltaic Power Generation Company Limited ("**Suixian Photovoltaic Power Generation Company**")	30	100%	30MW
Hubei Huadian Zaoyang Photovoltaic Power Generation Company Limited ("**Zaoyang Photovoltaic Power Generation Company**")	100	100%	100MW

Huangshi Thermal Power Plant has suspended a 200MW unit since 1 January 2018.

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

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
1	Sichuan Huadian Luding Hydropower Company Limited ("**Luding Hydropower Company**")	920	100%	4 x 230MW
2	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("**Za-gunao Hydroelectric Company**")	591	64%	3 x 65MW + 3 x 56MW + 3 x 46MW + 3 x 30MW
3	Lixian Xinghe Power Company Limited ("**Lixian Company**")	67	100%	3 x 11MW + 4 x 8.5MW
4	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("**Shuiluohe Company**")	324	57%	3 x 70MW + 3 x 38MW

Name of power plant/company		Installed capacity *(MW)*	Equity interest held by the Company	Generating units
5	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("**Hebei Hydropower Company**")	77	100%	1 x 16MW + 2 x 15MW + 1 x 11MW + 20MW
6	Inner Mongolia Huadian Mengdong Energy Company Limited ("**Mengdong Energy Company**")	399	100%	262 x 1.5MW + 2 x 3MW
7	Huadian Kezuozhongqi Wind Power Company Limited ("**Kezuozhongqi Wind Power Company**")	49.5	100%	33 x 1.5MW
8	Huadian Power International Ningxia New Energy Power Company Limited ("**Ningxia New Energy Company**")	1,311.5	100%	147 x 2MW + 665 x 1.5MW + 20MW
9	Hebei Huadian Guyuan Wind Power Company Limited ("**Guyuan Wind Power Company**")	290.5	100%	167 x 1.5MW + 40MW
10	Hebei Huadian Kangbao Wind Power Company Limited ("**Kangbao Wind Power Company**") *(Note 1)*	330	100%	48 x 2MW + 136 x 1.5MW + 30MW
11	Huadian Laizhou Wind Power Company Limited ("**Laizhou Wind Power Company**")	40.5	55%	27 x 1.5MW
12	Huadian Laizhou Wind Power Generation Company Limited ("**Laizhou Wind Company**")	48	100%	24 x 2MW
13	Huadian Laizhou Wind Energy Power Company Limited ("**Laizhou Wind Energy Company**")	99.6	55%	48 x 2MW + 2 x 1.8MW
14	Huadian Changyi Wind Power Company Limited ("**Changyi Wind Power Company**")	97.5	100%	24 x 2MW + 33 x 1.5MW
15	Huadian Zibo Wind Power Company Limited ("**Zibo Wind Power Company**")	48	100%	24 x 2MW
16	Huadian Longkou Wind Power Company Limited ("**Longkou Wind Power Company**")	99.3	65%	23 x 1.5MW + 6 x 2.5MW + 24 x 2MW + 1 x 1.8MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
17	Huadian Zaozhuang New Energy Generation Company Limited ("**Zaozhuang New Energy Company**")	60	100%	25 x 2MW + 10MW
18	Huadian Feicheng New Energy Generation Company Limited ("**Feicheng New Energy Company**")	149.7	100%	72 x 2MW + 3 x 1.9MW
19	Huadian Laixi New Energy Generation Company Limited ("**Laixi New Energy Company**")	49.8	100%	24 x 2MW + 1 x 1.8MW
20	Longkou Dongyi Wind Power Company Limited ("**Longkou Dongyi Wind Power Company**")	30	100%	20 x 1.5MW
21	Huadian Shandong New Energy Company Limited ("**Shandong New Energy Company**") *(Note 2)*	58	100%	24 x 2MW + 10MW
22	Huadian Xuwen Wind Power Company Limited ("**Xuwen Wind Power Company**")	99	100%	48 x 2MW + 2 x 1.5MW
23	Huadian Xiaxian Wind Power Company Limited ("**Xiaxian Wind Power Company**")	100	100%	50 x 2MW
24	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("**Shangde Solar Company**")	10	60%	10MW
25	Huadian Zhangjiakou Saibei New Energy Generation Company Limited ("**Zhangjiakou Saibei New Energy Company**")	4	100%	4MW
26	Huadian Ningbo New Energy Generation Company Limited ("**Ningbo New Energy Company**")	10	100%	10MW
27	Huadian Huzhou New Energy Power Generation Company Limited ("**Huzhou New Energy Company**")	15	100%	15MW
28	Hebei Huarui Energy Group Corporation Limited ("**Huarui Company**") *(Note 3)*	99	100%	48 x 2MW + 2 x 1.5MW
29	Huadian Suzhou Biomass Energy Power Generation Company Limited ("**Suzhou Biomass Energy Company**")	25	78%	2 x 12.5MW

Note 1: Kangbao Wind Power Company, a subsidiary of the Company, absorbed and merged State Development Zhangjiakou Wind Power Company Limited, a former subsidiary of the Company in 2017.

Note 2: Shandong New Energy Company is a new subsidiary established by the Company in 2017 which absorbed and merged Huadian Zhangqiu New Energy Generation Company Limited and Huadian Yiyuan New Energy Power Generation Company Limited, both former subsidiaries of the Company.

Note 3: As at the date of this announcement, the installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited ("**Yuzhou Wind Power Company**"), a wholly-owned subsidiary of Huarui Company, amounted to 99MW.

BUSINESS REVIEW

(1) Power Generation

As at 31 December 2017, the Group's total controlled installed capacity amounted to 49,330.1 MW. Power generation of the Group in 2017 amounted to approximately 191.72 million MWh, representing a year-on-year increase of approximately 0.87%; the volume of on-grid power sold amounted to approximately 179.28 million MWh, representing a year-on-year increase of approximately 0.82%. The annual utilization hours of the Group's generating units were approximately 3,991 hours among which the utilization hours of coal-fired generating units were 4,502 hours. The coal consumption for power supply was 299.61g/KWh in aggregate, representing a year-on-year decrease of 1.73g/KWh.

(2) Turnover

In 2017, the Group's turnover amounted to approximately RMB78.464 billion, representing an increase of approximately 24.87% over 2016. Revenue generated from sale of electricity amounted to approximately RMB61.634 billion, representing an increase of approximately 5.97% over 2016; revenue generated from sale of heat amounted to approximately RMB4.026 billion, representing an increase of approximately 16.96% over 2016; and revenue from sale of coal was approximately RMB12.804 billion, representing an increase of approximately RMB11.572 billion over 2016.

(3) Profit

In 2017, the Group's operating profit amounted to approximately RMB4.379 billion, representing a decrease of approximately 55.67% over 2016, mainly due to the increase in fuel cost for power generation of the Group as a result of increase in coal prices. For the year ended 31 December 2017, the profit for the year attributable to equity shareholders of the Company amounted to approximately RMB436 million, and the basic earnings per share was approximately RMB0.044.

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

From 1 January 2017 to the date of this announcement, the details of the Group's newly-added generating units are as follows:

Name of Project	Category	Capacity *(MW)*
Shiliquan Plant	Coal-fired	660
Jiangling Company	Coal-fired	660
Kangbao Wind Power Company	Wind Power	100.5
Longkou Wind Power Company	Wind Power	49.8
Changyi Wind Power Company	Wind Power	48
Ningxia New Energy Company	Wind Power	49.5
Shandong New Energy Company	Wind Power	48
Wuxue New Energy Company	Wind Power	26
Feicheng New Energy Company	Wind Power	49.9
Xuwen Wind Power Company	Wind Power	49.5
Xiaxian Wind Power Company	Wind Power	100
Guyuan Wind Power Company	Solar power	20
Huzhou New Energy Company	Solar power	15
Zaoyang Photovoltaic Power Generation Company	Solar power	70
Ningbo New Energy Company	Solar power	10
Hebei Hydropower Company	Solar power	20
Hangzhou Banshan Company	Solar power	0.7
Longyou Company	Solar power	1
Wuxue New Energy Company	Solar power	40
Zaozhuang New Energy Company	Solar power	10
Total		**2,027.9**

Note: The 40MW solar power generating unit of Wuxue New Energy Company and 10MW solar power generating unit of Zaozhuang New Energy Company have commenced commercial operations in 2018.

(5) Projects Under Construction

As at the date of this announcement, the Group's major generating units which have been under construction are as follows:

Type of generating projects	Planned installed capacity *(MW)*
Coal-fired generating projects	4,904
Gas-fired and distributive energy	4,990
Wind power projects	1,550
Hydropower projects	492
Solar energy projects	81
Total	**12,017**

The Group will manage the construction of its projects and the pace of their operation in accordance with the national and local energy policies, the conditions of the power market and the Group's overall strategy.

BUSINESS OUTLOOK

(1) Competition Landscape and Development Trend of the industry

In respect of power market, the national power consumption in 2018 will continue to grow at a smooth and relatively quick speed as in 2017 with an annual growth rate of around 5.5%, as estimated by China Electricity Council. In 2018, additional power generation infrastructure facilities installed across the country reached approximately 120 million kW, among which non-fossil energies power installed accounted for approximately 70 million kW. It is expected that there would be ample power supply to meet the demand in general across the country, with an excessive supply in certain regions and tight supply in some regions during peak season. Coal-fired equipment utilization hours are expected to reach around 4,210 hours, basically maintaining the same level as those of 2017. As power structural reform continued to be promoted across the country, China explored and carried out spot trading of electricity, gradually built a power market that combines mid- to long-term transactions with spot transactions, and orderly promoted the pilot reform of incremental power distribution business. With competition in market power becoming fiercer, the proportion of market power will gradually increase while the discount on tariff will decrease.

In respect of coal market, in 2018, as the government promoted to release advanced production capacity, coal supply is expected to increase. While the market showcased balance supply and demand with specific regions occasionally manifesting tight supply-demand relationship, coal price is expected to ease from record high. With a series of regulatory policies such as long-term agreements and contracts, coal inventory and coal import being performed by the PRC, control on coal price has been more effective.

In respect of capital markets, the central government has implemented neutral and prudent monetary policies to control over the supply of currency from source. With funds supply remained to be tight, it is expected that capital market will maintain the status of balance with tight supply, as a result of which the capital cost of the enterprise will see an increase.

(2) Development Strategy of the Group

By practically implementing the national energy strategy and the 13th Five-Year Plan, adhering to advancement with stability, adjustment while progressing and the new development concepts, the Group will seize opportunities for transformation and development to promote high-quality development. With the main line of improving quality and enhancing efficiency, we will focus on capital operation, capital guarantee, standardized management and coordination to strive to build a comprehensive energy company with strong competitiveness.

(3) Operation Plan of the Group in 2018

Where external conditions remain relatively stable, the Group expects to complete the goal of generating approximately 200 million MWh of power in 2018 and expects a slight decrease in utilization hours of power-generating equipment. According to the actual progress of each project, in 2018, the Group intends to invest approximately RMB19 billion, among which approximately 70% will be used for the infrastructure of power supply projects, approximately 20% will be used for environmental protection and energy saving technology reform and other projects, and the remaining will be used for heating network, coal mine and other projects.

In 2018, the Company will continue to improve the quality and efficiency in its works, increase its revenue and reduce expenditure, expand the market and control costs, in order to enhance its efficiency in all dimensions.

In respect of improvement of quality and efficiency, the Company will proactively put forward the priority power generation plan to harvest an efficient market power, so as to ensure that the planned amount of electricity to be higher than the “three same” (same region, same type and same capacity unit) standards and the market share to be higher than the proportion of installed capacity. The Company aims to reduce power loss by way of offering heating supply with clean energy, power substitution, and cross-regional transactions. Accelerate its steps in expanding the heat market by strengthening connections among its networks and optimizing economic operation, so as to focus on enhancing heating supply capability and efficiency.

In respect of reduction of expenditure, the Company will place more emphasis on the control of three costs: fuel, capital and resources, and strictly control the expenditure on various items to maintain its competitive advantages on low cost. Through in-depth study on the coal market, the Company will determine its procurement strategy in a scientific manner, accurately determine its procurement timetable, optimize the structure of coals procured and maintain reasonable inventory of coal, so as to effectively control the cost of coal. Through in-depth analysis of monetary policy and capital movement, the Company pre-arrange to implement the stock financing connection and incremental financing arrangement, so as to protect the safety of funds and control the cost of financing. The Company will improve its management on resources to effectively reduce inventory and control procurement costs.

In respect of safety production, the Company will continue to follow its main line on building an enterprise that is safe in nature, carry out an all-rounded safety production responsibility system, improve prevention and source control, strengthen the safety environmental protection infrastructure of the Company by technological methods such as informatization and intelligentization, in order to ensure the safe and stable operation of units.

(4) Potential Risks and Countermeasures

In respect of electricity market, there will still be an obvious contradiction of oversupply in 2018. The utilization hours of power generation equipment, in particular the utilization hours of coal-fired power generators, will be exposed to a risk of downward trend. With the further advancement of the marketized reform of the electricity market, the planned amount of electricity has been reduced year by year and the ratio of marketized electricity transaction has gradually increased. It is expected that the competition of transaction in the market will become fiercer, bringing about uncertainties of increase in power generation volume and increase in market shares of the Company. At the same time, the country has successively introduced policies on tariff for new wind power and photovoltaic projects under which the overall tariff is on a downward trend and there is a potential decrease in the profitability of power companies.

In respect of coal market, coal price remained at a high level, leading to great pressure to the operation of the Company. In 2018, the policy of removing outdated production capacity will remain in the coal industry. In general, the supply of coal resources will be stable following the release of advanced production capacity, but there exists the risk of regional and progressive resources tension. In respect of market price, affected by various elements, part of the regions have greater overall demand for coal, leading to the risk of fluctuation in market price of coal.

In respect of policies on environmental protection, the country has implemented "replacing official fees with taxation" and announced the implementation of the environmental protection tax law. The environmental protection tax to be paid by the Company in the territory where its assets are located is expected to record an increase to a certain extent as compared with the sewage charges paid previously and the Company will face the risk on higher environmental protection costs on an ongoing basis.

In respect of capital markets, the central government has implemented neutral and prudent monetary policies, and there is still tight supply of funds. It is expected that the financial department will continue to adopt stringent credit policies for coal-fired power companies and there is a potential increase in the financing costs of the Company.

Facing the above risks, the Company will vigorously focus on marketing, develop profitable market power structure and special policy power structure, strive to expand its market share and ensure that utilization hours reach or exceed the "three same" standards during its future operation and development. The Group will display the advantage of its business scale, strengthen its power structure optimization, focus on energy saving and emission reduction, improve the reliability of its generating units and further minimize costs so as to maximize power generation efficiency. The Company will closely keep track of the changes of policy and domestic and overseas coal market, and strengthened management of inventories and other measures by constantly exploring new channels for coal supply, so as to effectively prevent market risk of coal. The Company will make good use of the latest trend and new opportunities in the development of power supply, transform the advantage of project reserve into the advantage of scientific development, effectively promote the sustainable development of the Company, and strive to gain first mover advantage in the reformation of power system. At the same time, the Group will comprehensively apply various financing instruments, adjust and optimize its credit structure, effectively leverage its advantage in business scale and strengthen the coordination and scheduling of funds to enhance capital utilization efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Macroeconomic Conditions and Electricity Demand

According to preliminary calculation based on relevant information and statistics, the GDP of the PRC in 2017 amounted to RMB82,712.2 billion, representing an increase of 6.9% over 2016 determined based on comparable prices. Power consumption of the entire society totalled 6,307.7 billion KWh, representing an increase of 6.6% over 2016. With regard to different industries, the consumption by the primary industry accounted for 115.5 billion KWh, representing a year-on-year increase of 7.3%; secondary industry accounted for 4,441.3 billion KWh, representing a year-on-year increase of 5.5%; and tertiary industry accounted for 881.4 billion KWh, representing a year-on-year increase of 10.7%; and the consumption by urban and rural residents accounted for 869.5 billion KWh, representing a year-on-year increase of 7.8%.

(2) Turnover

In 2017, the turnover of the Group was approximately RMB78,464 million, representing an increase of approximately 24.87% over 2016, mainly due to the impact of increase in the revenue of coal trading and power generation business.

(3) Major Operating Expenses

In 2017, the operating expenses of the Group amounted to approximately RMB74,085 million, representing an increase of approximately 39.89% over 2016. The particulars are as follows:

Fuel costs of the Group amounted to approximately RMB39,641 million in 2017, representing an increase of approximately 37.45% over 2016. This was mainly due to the impact of significant increase in the purchase price of coal.

Cost of coal sold of the Group amounted to approximately RMB12,272 million in 2017, representing an increase of approximately RMB11,249 million over 2016. This was mainly due to the year-on-year increase in trade volume of coal and year-on-year increase in the purchase price of coal.

Depreciation and amortisation expenses of the Group amounted to approximately RMB10,465 million in 2017, representing a decrease of approximately 2.30% over 2016. This was mainly due to the cessation of depreciation arising from expiry of service life of certain units.

Repairs, maintenances and inspection expenses of the Group amounted to approximately RMB2,661 million in 2017, representing a decrease of approximately 13.64% over 2016. This was mainly due to the stringent control on the cost of this item.

Administration expenses of the Group amounted to approximately RMB2,428 million in 2017, representing a decrease of approximately 12.73% over 2016. This was mainly due to the year-on-year decrease of provision for impairment by the Group.

Taxes and surcharges of the Group amounted to approximately RMB883 million in 2017, representing a decrease of approximately 8.50% over 2016. This was mainly due to the increase in coal price and the deductible input tax.

Other operating expenses of the Group amounted to RMB1,124 million in 2017, representing an increase of approximately 8.69% over 2016. This was mainly due to the increase in volume of heat purchase of heat-supply enterprises and power replacement purchase fees of power generation enterprises.

(4) Investment income

Investment income of the Group amounted to approximately RMB508 million in 2017, representing an increase of approximately RMB495 million over 2016. This was mainly due to the realizing the gain on disposal of equity interests.

(5) Other Revenue

Other revenue of the Group amounted to approximately RMB644 million in 2017, representing a decrease of approximately 6.39% over 2016. This was mainly due to the decrease in government subsidies.

(6) Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures of the Group amounted to approximately RMB528 million in 2017, representing an increase of approximately RMB335 million over 2016, which was mainly due to the increase in the profits of the coal mining enterprises invested by the Group.

(7) Finance Costs

Finance costs of the Group amounted to approximately RMB5,136 million in 2017, representing an increase of approximately 2.44% over 2016. This was mainly due to the increase in borrowings of the Group.

(8) Income Tax

Income tax of the Group amounted to approximately RMB458 million in 2017, representing a decrease of approximately 72.67% over 2016. This was mainly due to the decrease in the profit of the Group.

(9) Pledge and Mortgage of Assets

As at 31 December 2017, some of the Company's subsidiaries have pledged their income stream in respect of the sale of electricity as security for loans amounting to approximately RMB18.262 billion.

As at 31 December 2017, some of the Company's subsidiaries have mortgaged their generating units and relevant equipments, land use rights and mining rights to secure loans amounting to approximately RMB3,406 million.

(10) Indebtedness

As at 31 December 2017, the total borrowings of the Group amounted to approximately RMB103,273 million, of which borrowings denominated in US dollars and Euro amounted to approximately US$63.56 million and approximately EUR13.84 million, respectively. The liabilities to assets ratio was 73.88%, representing an increase of 1.27 percentage points compared to the end of 2016. Borrowings of the Group were mainly of floating rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB41,064 million, and long-term borrowings due after one year amounted to approximately RMB62,209 million. The closing balance of short-term and super short-term debenture payables of the Group amounted to approximately RMB6,059 million, and the closing balance of the medium-term notes (including the portion due within one year) and debt financing instruments issued through non-public offering to target subscribers (including the portion due within one year) amounted to approximately RMB16,551 million. The closing balance of obligations under finance lease of the Group amounted to approximately RMB3,001 million.

(11) Contingent Liabilities

As at 31 December 2017, Guang'an Company, a subsidiary of the Company, provided guarantees to banks for loans amounting to approximately RMB43.65 million which were granted to Sichuan Huayingshan Longtan Coal Company Limited, an associate of Guang'an Company.

(12) Provisions

Provisions represent the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry practices and historical experience. As at 31 December 2017, the balance of the Group's provision amounted to approximately RMB109 million.

(13) Cash Flow Analysis

In 2017, the net cash inflow from operating activities of the Group amounted to approximately RMB7,143 million, decreased by approximately RMB9,691 million over 2016, mainly due to the impact that the coal price remained at a high level throughout 2017; the net cash outflow used in investing activities amounted to approximately RMB14,087 million, decreased by approximately RMB1,547 million over 2016, mainly due to the combined impact of the disposal of equity interests of associates by the Group and year-on-year decrease in material infrastructure and construction expenses; the net cash inflow from financing activities amounted to approximately RMB8,003 million, and the net cash outflow from financing activities in 2016 amounted to approximately RMB4,079 million. Changes are mainly due to the impact of expansion of scale of borrowings and decrease in dividend distribution.

(14) Impairment Losses

In 2017, the impairment losses of the Group amounted to approximately RMB779 million, mainly due to the provision for impairment of the suspension of Erdaoling Coal Mine of Shunge Mining Industry Company Limited made by the Group. The Board is of the view that, according to the IFRSs, the provision for asset impairment is based on the principle of prudence, is well-founded, and fairly reflects the asset conditions of the Group and therefore approved the provision for asset impairment.

SIGNIFICANT EVENTS

(1) Re-designation and Change of the Directors, Supervisors and Senior Management

On 30 June 2017, the Company held the 2016 annual general meeting (the "**2016 AGM**"), on which Mr. Zhao Jianguo, Mr. Chen Bin, Ms. Wang Yingli, Mr. Tian Hongbao, Mr. Gou Wei, Mr. Chu Yu and Mr. Zhang Ke were re-elected as directors of the eighth session of the Board; Mr. Ding Huiping, Mr. Wang Dashu, Mr. Wang Chuanshun and Mr. Zong Wenlong were re-elected as independent non-executive directors of the eighth session of the Board; Mr. Li Xiaopeng, Mr. Peng Xingyu and Mr. Zha Jianqiu were re-elected as supervisors (not representing the employees of the Company) of the eighth session of the Supervisory Committee of the Company (the "**Supervisory Committee**"); and the Board was authorised to determine and finalize the remuneration of the directors. The above directors will serve a term of three years commencing from the conclusion of the 2016 AGM and expiring at the conclusion of the general meeting electing the ninth session of the Board; and the above supervisors will serve a term of three years commencing from the conclusion of the 2016 AGM and expiring at the conclusion of the general meeting electing the ninth session of the Supervisory Committee (not representing the employees of the Company) to be held by the Company.

Ms. Wei Aiyun (魏愛雲) ("**Ms. Wei**"), an employee representative supervisor of the seventh session of the Supervisory Committee of the Company, ceased to act as an employee representative supervisor of the Company as she has reached the age of retirement. The employees of the Company democratically elected Mr. Ma Jing'an (馬敬安) to replace Ms. Wei as an employee representative supervisor of the eighth session of the Supervisory Committee for a term from 30 June 2017 upon conclusion of the 2016 AGM to the expiry of the eighth session of the Supervisory Committee.

For details, please refer to the announcement of the Company dated 30 June 2017.

Since 30 June 2017, Mr. Xing Shibang ceased to serve as the deputy general manager of the Company, and Mr. Xie Yun ceased to serve as the deputy general manager and the chief engineer of the Company.

Mr. Li Zengfang (李增昉) ("**Mr. Li**") resigned as the chief financial officer of the Company with effect from 21 August 2017 due to personal work arrangements. Mr. Li confirmed that he has no disagreement with the Board and there were no matters that need to be brought to the attention of the shareholders of the Company in connection with his resignation as the chief financial officer of the Company. Mr. Feng Rong has been appointed as the chief financial officer of the Company at the sixth meeting of the eighth session of the Board on 13 November 2017.

(2) Convening of the Extraordinary General Meetings

The Company held the first extraordinary general meeting of 2017 on 29 December 2017 (the "**2017 First EGM**"), which considered and approved (i) the special resolution in relation to the amendments to the Articles of Association (see below for details); (ii) the ordinary resolution in relation to the entering into by the Company of the Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian Corporation Limited ("**China Huadian**") and the continuing connected transactions contemplated thereunder together with their respective annual caps; (iii) the ordinary resolution in relation to the continuing connected transaction on the provision of deposit services by China Huadian Finance Corporation Limited ("**Huadian Finance**") to the Group under the Financial Service Agreement entered into between the Company and Huadian Finance together with the maximum average daily balance of deposit (inclusive of accrued interests); and (iv) the ordinary resolution in relation to the Loan Framework Agreement entered into between the Company and China Huadian and the continuing connected transactions contemplated thereunder (which constitute an exempted financial assistance under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Listing Rules**")) and the caps for the loan balance.

For details, please refer to the announcements of the Company dated 14 November 2017 and 29 December 2017 and the circular dated 5 December 2017.

(3) Amendments to the Articles of Association of the Company

In order to adapt to the business needs of the Company, paragraph 2 of Article 11 of the Articles of Association of the Company has been revised as "The Company's scope of business includes construction, operation and management of power plants and businesses related to power generation, technological service and information consultation relating to the power business, sale, purchase and service of power and thermal products, design and construction of electric power engineering, and operation of power distribution networks." The amendment has been considered and approved at the 2016 AGM.

For details, please refer to the announcements of the Company dated 28 March 2017 and 30 June 2017, as well as the circular of the Company dated 9 June 2017.

To consistently implement the spirits of the "Notice of Facilitating Incorporation of the Requirements for Party Construction Work of State-owned Enterprises into the Articles of Association" promulgated by the Organisation Department of the Central Committee of the Communist Party of China and the Party Committee of the State-owned Assets Supervision and Administration Commission of the State Council and to further optimize corporate governance, the Company amends the Articles of Association in accordance with the requirements of relevant laws and regulations. The amendment has been considered and approved at the 2017 First EGM.

For details, please refer to the announcement of the Company dated 27 October 2017 and 29 December 2017 and the circular dated 5 December 2017.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors of the Company are aware, each of the following persons, not being a Director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 31 December 2017 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2017, or was a substantial shareholder of the Company as at 31 December 2017 as defined by the Hong Kong Listing Rules:

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A Shares	4,534,199,224 (L)	45.97%	55.66%	–
	H Shares	85,862,000 (L) (Note)	0.87%	–	5.00%
Shandong International Trust Co., Ltd.	A Shares	800,766,729 (L)	8.12%	9.83%	–
JP Morgan Chase & Co.	H Shares	169,828,316 (L)	1.72%	–	9.88%
		2,874,581 (S)	0.03%	–	0.16%
		2,708,000 (P)	0.03%	–	0.15%
BlackRock, Inc.	H Shares	88,760,443 (L)	0.90%	–	5.17%
		28,000 (S)	0.00%	–	0.00%

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

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

Save as disclosed above and so far as the Directors are aware, as at 31 December 2017, no other person (other than the Directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

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

As at 31 December 2017, the interests or short positions of the Directors, supervisors, chief executives and members of senior management of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Part XV of SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

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

Note: Accounted for approximately 0.0001% of the total issued A shares of the Company on 31 December 2017.

Save as disclosed above, as at 31 December 2017, none of the Directors, supervisors, chief executives or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (which for this purpose shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

In 2017, the Company has adopted a code of conduct regarding transactions of the Directors in the Company's securities on terms identical to those of the Model Code. Having made specific enquiries of all Directors, the Company understands that all Directors have complied with the required standards set out in the Model Code.

CORPORATE GOVERNANCE

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

1. Articles of Association;

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

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

4. Working Requirements for Independent Directors;

5. Working Requirements for Secretary to the Board;

6. Working Rules for General Manager;

7. Code on the Company's Investment Projects;

8. Management Methods on Raised Proceeds;

9. Management Methods on External Guarantees;

10. Management Rules on Information Disclosure;

11. Management Rules on Investor Relations and Implementation Procedures;

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

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

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

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

16. Working Rules on Annual Report for Independent Directors;

17. Management Methods on Connected Transactions; and

18. Insider Registration and Management Methods.

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

The Board has reviewed the relevant requirements prescribed under the corporate governance codes adopted by the Company and its actual practices, and has taken the view that the corporate governance of the Company in 2017 has met the requirements under the code provisions in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Hong Kong Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the CG Code, the particulars of which are as follows:

– The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited* by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited* by Employees, which are on terms no less exacting than those set out in the Model Code set out in Appendix 10 to the Hong Kong Listing Rules.

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

– In the financial year of 2017, a total of ten Board meetings were held by the Company.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities ("**securities**" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2017, the Group's deposits placed with financial institutions or other parties did not include any designated or entrusted deposits, or any material overdue time deposits which could not be collected by the Group upon maturity.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2017 and the financial statements prepared under IFRSs for the financial year ended 31 December 2017.

MATERIAL LITIGATION

As of 31 December 2017, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The management of the Group believes that possible legal liability which incurred or may incur from any of the aforesaid cases has no material adverse effect on the financial position and operating results of the Group.

By order of the Board
Huadian Power International Corporation Limited*
Zhao Jianguo
Chairman

Beijing, the PRC
26 March 2018

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

Zhao Jianguo (Chairman, Non-executive Director), Chen Bin (Vice Chairman, Executive Director), Wang Yingli (Vice Chairman, Non-executive Director), Tian Hongbao (Executive Director), Gou Wei (Non-executive Director), Chu Yu (Non-executive Director), Zhang Ke (Non-executive Director), Ding Huiping (Independent Non-executive Director), Wang Dashu (Independent Non-executive Director), Wang Chuanshun (Independent Non-executive Director) and Zong Wenlong (Independent Non-executive Director).

* *For identification purposes only*

I SUMMARY OF FINANCIAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRSs

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under IFRSs of the Group as set out in its 2017 annual report.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2017
(Expressed in Renminbi)

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Turnover	3	**78,463,912**	62,837,146
Operating expenses			
Fuel costs		**(39,640,864)**	(28,841,169)
Cost of coal sold		**(12,272,334)**	(1,023,465)
Depreciation and amortisation		**(10,465,411)**	(10,712,147)
Repairs, maintenance and inspection		**(2,660,888)**	(3,081,298)
Personnel costs	4	**(4,610,753)**	(4,519,265)
Administration expenses		**(2,428,462)**	(2,782,795)
Taxes and surcharges	5	**(882,539)**	(964,556)
Other operating expenses		**(1,123,724)**	(1,033,868)
		(74,084,975)	(52,958,563)
Operating profit		**4,378,937**	9,878,583
Investment income	6	**508,365**	13,487
Other revenue	7	**643,867**	687,793
Other net income	7	**137,883**	113,833
Interest income from bank deposits		**91,970**	99,821
Finance costs	8	**(5,135,765)**	(5,013,212)
Share of results of associates and joint ventures		**527,703**	192,468
Profit before taxation	9	**1,152,960**	5,972,773
Income tax	10	**(458,484)**	(1,677,547)
Profit for the year		**694,476**	4,295,226
Other comprehensive expense for the year (net of tax):	11	**(22,335)**	(28,770)
Items that may be subsequently reclassified to profit or loss:			
Net fair value loss on available-for-sale investments		**(11,965)**	(3,963)
Share of net fair value loss on available-for-sale investments of associates		**(10,370)**	(24,807)
Total comprehensive income for the year		**672,141**	4,266,456

Consolidated statement of profit or loss and other comprehensive income *(Continued)*
For the year ended 31 December 2017
(Expressed in Renminbi)

	Note	**2017** **RMB'000**	2016 *RMB'000*
Profit for the year attributable to:			
Equity shareholders of the Company		**435,905**	3,127,799
Non-controlling interests		**258,571**	1,167,427
		694,476	4,295,226
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**413,917**	3,099,859
Non-controlling interests		**258,224**	1,166,597
		672,141	4,266,456
Basic earnings per share	12	**RMB0.044**	RMB0.317

Consolidated statement of financial position
As at 31 December 2017
(Expressed in Renminbi)

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**145,694,565**	146,701,724
Construction in progress		**23,648,651**	22,214,934
Lease prepayments		**3,013,047**	2,902,835
Intangible assets		**5,940,446**	6,114,886
Goodwill		**1,432,780**	1,432,780
Interests in associates and joint ventures		**10,836,925**	9,411,044
Available-for-sale investments		**241,867**	281,970
Other non-current assets		**2,738,336**	2,673,055
Deferred tax assets		**270,487**	178,772
		193,817,104	191,912,000
Current assets			
Inventories		**2,871,233**	2,737,360
Trade debtors and bills receivable	13	**10,511,497**	7,254,884
Deposits, other receivables and prepayments		**4,092,172**	4,383,316
Tax recoverable		**94,506**	221,387
Restricted deposits		**65,361**	105,121
Lease prepayments		**109,032**	103,030
Cash and cash equivalents		**7,416,801**	6,358,618
		25,160,602	21,163,716
Current liabilities			
Bank loans		**36,100,608**	17,724,554
State loans		**8,944**	9,479
Other loans		**4,954,220**	5,025,620
Short-term debentures payable		**6,059,239**	19,754,377
Long-term debentures payable-current portion		**6,493,146**	1,996,900
Amount due to the parent company		**64,295**	31,191
Obligations under finance leases	14	**791,590**	735,430
Trade creditors and bills payable	15	**18,042,924**	20,796,385
Other payables		**7,580,928**	7,899,531
Tax payable		**221,431**	180,963
		80,317,325	74,154,430
Net current liabilities		**(55,156,723)**	(52,990,714)
Total assets less current liabilities		**138,660,381**	138,921,286

Consolidated statement of financial position *(Continued)*
As at 31 December 2017
(Expressed in Renminbi)

	Notes	**2017**	2016
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans		**53,513,930**	52,916,289
Loans from shareholders		**1,778,666**	1,778,666
State loans		**61,373**	66,214
Other loans		**6,855,191**	4,932,920
Long-term debentures payable		**10,058,115**	11,053,323
Obligations under finance leases	14	**2,209,517**	2,692,366
Long-term payables		**414,852**	360,135
Provisions		**108,912**	100,845
Deferred government grants	7	**1,246,431**	1,306,819
Deferred income		**2,732,905**	2,469,687
Deferred tax liabilities		**2,457,838**	2,849,680
Retirement benefit obligations		**20,858**	23,418
		81,458,588	80,550,362
NET ASSETS		**57,201,793**	58,370,924
CAPITAL AND RESERVES			
Share capital		**9,862,977**	9,862,977
Reserves		**33,046,182**	33,975,340
Total equity attributable to equity shareholders of the Company		**42,909,159**	43,838,317
Non-controlling interests		**14,292,634**	14,532,607
TOTAL EQUITY		**57,201,793**	58,370,924

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Group and its interests in associates and joint ventures.

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

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

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

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

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

2. Application of New and Revised IFRSs Disclosure

In the current year, the Group has applied, for the first time, the following amendments to IFRSs:

Amendments to IAS 7 – Disclosure Initiative
Amendments to IAS 12 – Recognition of Deferred Income Tax Assets for Losses
Amendments to IFRS 12 – As part of the Annual Improvements to IFRSs 2014–2016 Cycle

The application of the above amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements except for the application of Amendments to IAS 7.

The Group has applied the amendments to IAS 7 (Disclosure Initiative) for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be included in cash flows from financing activities.

3. Turnover

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

	2017	2016
	RMB'000	*RMB'000*
Sale of electricity	**61,634,215**	58,162,964
Sale of heat	**4,025,595**	3,441,752
Sale of coal	**12,804,102**	1,232,430
	78,463,912	62,837,146

The Group's customers are mainly local power grid companies. In 2017, there is one customer sale with whom has exceeded 10% of the Group's revenue, and revenue from sale of electricity to this customer, including sale to entities which are known to the Group to be under common control with this customer, amounted to approximately Renminbi ("**RMB**") 27,425 million (2016: RMB32,040 million).

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

4. Personnel costs

	2017	2016
	RMB'000	*RMB'000*
Wages, welfare and other benefits	**3,056,710**	2,974,790
Retirement costs	**727,785**	743,054
Other staff costs	**826,258**	801,421
	4,610,753	4,519,265

5. Taxes and surcharges

During the current year, taxes and surcharges of the group with the amounts of RMB883 million (2016: RMB965 million) mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax, special fund for structural adjustment of industrial enterprises and other taxes and surcharge.

6. Investment income

	2017	2016
	RMB'000	*RMB'000*
Loss on deemed disposal of part of the interest in an associate	**–**	(144,287)
(Loss)/gain on disposal of an associate *(Note)*	**(237)**	1,396
Gain on disposal of partial equity interest in an associate *(Note)*	**418,684**	–
Gain on loss of control of a subsidiary	**6,304**	–
Gain on disposal of a listed equity security	**19,916**	–
Dividend income from available-for-sale investments	**49,501**	35,732
Interest on loans and receivables	**14,197**	14,085
Gain on disposal of an unlisted equity security	**–**	106,561
	508,365	13,487

6. Investment income *(Continued)*

Note: In the prior year, the Group held a 16.31% interest in Huadian Property Company Limited ("**Huadian Property**") and accounted for the investment as an associate. In the current year, the Group disposed of 8% interest in Huadian Property to China Huadian Corporation Limited ("**China Huadian**") for proceeds of RMB665.76 million determined based on an independent valuation report. The Group has accounted for the remaining 8.31% interest as an associate, due to that according to the articles of Huadian Property, the Company has one representation in the board of directors and therefore can participate in the financial and operating policy decisions of Huadian Property, so as to have significant influence in its activities. In addition, during the current year, the Group completed the liquidation of Huadian Hubei Material Company, previously owned as an associate. The consideration arising from the aforesaid liquidation was RMB5.87 million.

In the last year, the Group disposed of its entire interest in Wuhan Jiuyuan Electric Company Limited ("**Jiuyuan Company**") to a third party for consideration of RMB1.396 million. These transactions had resulted in the recognition of a gain in profit or loss, calculated as follows:

	2017	2016
	RMB'000	*RMB'000*
Proceeds of disposal	**671,630**	1,396
Less: carrying amount of the investment disposed	**(253,183)**	–
Gain recognised	**418,447**	1,396
Consideration		
Received in cash	**671,630**	1,396
Total consideration	**671,630**	1,396

7. Other revenue and net income

	2017	2016
	RMB'000	*RMB'000*
Other revenue		
Government grants *(Note)*	**322,222**	473,876
Revenue from upfront connection and installation fees for heating networks	**158,018**	142,739
Others	**163,627**	71,178
	643,867	687,793
Other net income		
Net income on disposal of property, plant and equipment	**25,143**	1,524
Net income from sale of materials	**304,917**	239,555
Others	**(192,177)**	(127,246)
	137,883	113,833

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

In addition, for grants related to assets, such grants have been deferred and released to profit or loss in accordance with the useful lives of the related assets. In 2017, the Group received such grants amounting to RMB131 million (2016: RMB194 million), and the amount released to profit or loss is RMB78 million (2016: RMB88 million).

8. Finance costs

	2017	2016
	RMB'000	*RMB'000*
Interest on loans and other financial liabilities	**5,566,517**	5,238,066
Less: interest capitalised	**(651,093)**	(497,498)
	4,915,424	4,740,568
Net foreign exchange (gain)/loss	**(21,579)**	47,023
Amortisation on unrecognised finance charges	**159,157**	164,146
Other finance costs	**82,763**	61,475
	5,135,765	5,013,212

The borrowing costs have been capitalised at an average rate of 4.70% per annum (2016: 4.93%) for construction in progress.

9. Profit before taxation

Profit before taxation is arrived at after charging (crediting):

	2017	2016
	RMB'000	*RMB'000*
Amortisation		
– Lease prepayments	**106,953**	91,961
– Intangible assets	**180,881**	181,588
Depreciation of property, plant and equipment	**10,177,577**	10,438,598
Total depreciation and amortisation	**10,465,411**	10,712,147
Auditors' remuneration	**10,950**	10,850
Cost of inventories expensed	**54,174,824**	32,583,162
Impairment losses included in administration expenses		
– Trade debtors and bills receivable	**–**	7,315
– Deposits, other receivables and prepayments	**–**	59
– Inventories	**–**	4,056
– Construction in progress	**299,559**	15,070
– Property, plant and equipment	**477,781**	951,600
– Interests in associates and joint ventures	**–**	99,290
– Goodwill	**–**	16,011
– Lease prepayments	**1,417**	–
Reversal of impairment losses		
– Trade debtors and bills receivable	**(25)**	(594)
– Inventories	**(13)**	–
Operating lease charges in respect of land and buildings	**157,935**	205,013
Research and development costs	**13,549**	14,830

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

	2017	2016
	RMB'000	*RMB'000*
Current tax		
Charge for the PRC enterprise income tax for the year	**807,972**	1,910,985
Under provision in respect of prior years	**23,819**	28,587
	831,791	1,939,572
Deferred tax		
Origination and reversal of temporary differences and tax losses	**(373,307)**	(262,025)
Total income tax expense in the consolidated statement of profit or loss and other comprehensive income	**458,484**	1,677,547

11. Other comprehensive expenses

	2017	2016
	RMB'000	*RMB'000*
Changes in fair value on available-for-sale investments	**(15,953)**	(5,284)
Net deferred tax credited to other comprehensive income	**3,988**	1,321
	(11,965)	(3,963)
Share of net fair value loss on available-for-sale investments of associates	**(10,370)**	(24,807)
Other comprehensive expense (net of income tax)	**(22,335)**	(28,770)

12. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2017 of RMB436 million (2016: RMB3,128 million) and the weighted average of 9,862,976,653 ordinary shares in issue during the year (2016: 9,862,976,653 shares).

(b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the years ended 31 December 2017 and 2016.

13. Trade debtors and bills receivable

	2017	2016
	RMB'000	*RMB'000*
Trade debtors and bills receivable for the sale of electricity	**8,789,891**	6,468,848
Trade debtors and bills receivable for the sale of heat	**414,287**	370,486
Trade debtors and bills receivable for the sale of coal	**1,560,250**	668,506
	10,764,428	7,507,840
Less: allowance for doubtful debts	**(252,931)**	(252,956)
	10,511,497	7,254,884

Notes:

(i) At 31 December 2017, the Group endorsed certain bills receivable accepted by banks in the PRC (the "**Endorsed Bills**") with a carrying amount of RMB355 million (2016: RMB240 million) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated liabilities. The aggregate carrying amount of the trade payables and other payables settled by the Endorsed Bills is RMB355 million (2016: RMB240 million) as at 31 December 2017.

(ii) As at 31 December 2017, bank acceptance bills discounted or endorsed to banks and suppliers of RMB3,488 million (2016: RMB3,802 million) were derecognised by the Group (the "**Derecognised Bills**"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. Losses related to derecognition of the Derecognised Bills was RMB7.14 million (2016: RMB8.68 million) in total and charged into profit or loss.

(iii) As at 31 December 2017, trade receivables amounted to RMB2,358 million (2016: RMB2,776 million) had been factored to a bank on a non-recourse basis. These trade receivables were derecognised as the Group had transferred the significant risks and rewards relating to the trade receivables to the bank under the non-recourse factoring agreements. Losses related to derecognition of the derecognised trade receivables was RMB1.1 million (2016: RMB1.6 million) in total and charged into profit or loss.

As at 31 December 2017, the ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**10,306,608**	6,866,465
1 to 2 years	**142,498**	318,586
2 to 3 years	**16,226**	69,309
Over 3 years	**46,165**	524
	10,511,497	7,254,884

14. Obligations under finance leases

The Group had obligations under finance leases payable as follows:

	At 31 December 2017		At 31 December 2016	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**791,590**	**926,037**	735,430	890,134
After 1 year but within 2 years	**546,933**	**644,656**	829,924	945,850
After 2 years but within 5 years	**1,351,379**	**1,464,414**	1,744,258	1,878,385
After 5 years	**311,205**	**337,095**	118,184	125,509
	2,209,517	**2,446,165**	2,692,366	2,949,744
	3,001,107	**3,372,202**	3,427,796	3,839,878
Less: total future interest expenses		**(371,095)**		(412,082)
Present value of finance lease obligations		**3,001,107**		3,427,796

In 2017, the Group entered into five new agreements with a leasing company to sell certain of the Group's facilities and leaseback the facilities for 6 years to 10 years. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period.

As at 31 December 2017, the carrying amounts of the facilities held under finance lease included in generators, machinery and equipment of property, plant and equipment amounted to RMB3,899 million (2016: RMB4,537 million).

15. Trade creditors and bills payable

As at 31 December 2017, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**12,706,878**	16,227,976
1 to 2 years	**2,258,506**	2,353,677
Over 2 years	**3,077,540**	2,214,732
	18,042,924	20,796,385

16. Dividends

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

	2017	2016
	RMB'000	*RMB'000*
Final dividend proposed after the end of reporting period of RMB0.018 per share (2016: RMB0.136 per share)	**177,534**	1,341,365

Pursuant to a resolution passed at the directors' meeting held on 26 March 2018, final dividend of RMB0.018 per share will be payable to shareholders for 2017, subject to the approval of the shareholders at the coming annual general meeting.

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

	2017	2016
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.136 per share (2016: RMB0.300 per share)	**1,341,365**	2,958,893

17. Contingent liabilities

As at 31 December 2017, some subsidiaries of the Group were the defendants in certain lawsuits for events incurred before the acquisition date. At the end of the reporting period, above lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company consider that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

As at 31 December 2017, Sichuan Guang'an Power Generation Company Limited, a subsidiary of the Group, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB43.65 million (2016: RMB43.65 million).

Apart from the litigations and guarantees, the Group has no other material contingent liabilities as at 31 December 2017 (2016: nil).

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

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under CAS of the Group as set out in its 2017 annual report.

Consolidated balance sheet and balance sheet
As at 31 December 2017
(Expressed in Renminbi'000)

	The Group		The Company	
Item	**31 December 2017**	31 December 2016	**31 December 2017**	31 December 2016
Current assets:				
Cash at bank and on hand	**7,482,162**	6,463,739	**1,971,054**	1,991,778
Bills receivable	**1,348,677**	1,177,119	**29,570**	11,968
Trade receivables	**9,162,820**	6,077,765	**1,230,621**	477,713
Prepayments	**222,389**	386,743	**8,636**	6,722
Dividends receivable	**750,848**	667,766	**1,023,495**	1,992,211
Other receivables	**757,874**	1,003,824	**11,865,362**	15,268,983
Inventories	**2,871,233**	2,737,360	**419,336**	400,293
Non-current assets due within one year	**157,879**	96,552	**–**	–
Other current assets	**2,297,688**	2,449,818	**412,318**	451,303
Total current assets	**25,051,570**	21,060,686	**16,960,392**	20,600,971
Non-current assets:				
Available-for-sale financial assets	**241,554**	281,657	**26,900**	26,500
Long-term receivables	**155,032**	216,316	**244,318**	310,592
Long-term equity investments	**10,820,254**	9,394,373	**48,000,015**	44,598,398
Fixed assets	**138,886,798**	139,394,815	**16,549,285**	15,768,033
Construction in progress	**19,413,775**	17,913,358	**1,189,182**	1,468,958
Construction materials	**1,284,812**	658,065	**263,948**	382,816
Construction and construction material prepayments	**2,998,069**	3,691,516	**437,497**	434,427
Intangible assets	**13,475,990**	13,783,160	**538,878**	461,509
Goodwill	**1,056,909**	1,056,909	**12,111**	12,111
Deferred tax assets	**310,521**	204,359	**–**	–
Other non-current assets	**2,583,304**	2,456,739	**509,800**	509,502
Total non-current assets	**191,227,018**	189,051,267	**67,771,934**	63,972,846
Total assets	**216,278,588**	210,111,953	**84,732,326**	84,573,817

Consolidated balance sheet and balance sheet ***(Continued)***
As at 31 December 2017
(Expressed in Renminbi'000)

Item	The Group 31 December 2017	The Group 31 December 2016	The Company 31 December 2017	The Company 31 December 2016
Current liabilities:				
Short-term loans	**31,697,106**	14,406,290	**13,537,209**	4,498,556
Bills payable	**1,346,564**	2,381,024	**–**	–
Trade payables	**16,731,283**	18,417,654	**2,586,866**	2,910,103
Receipts in advances	**1,358,617**	1,333,140	**132,925**	72,529
Wages payable	**199,206**	195,436	**26,779**	31,030
Taxes payable	**1,012,815**	715,432	**67,379**	37,544
Interests payable	**709,807**	552,416	**538,673**	400,652
Dividends payable	**364,560**	708,751	**–**	–
Other payables	**4,057,664**	4,460,080	**1,222,212**	1,505,248
Non-current liabilities due within one year	**16,716,752**	11,198,693	**8,877,790**	2,606,726
Other current liabilities	**6,122,951**	19,785,514	**6,094,580**	19,774,196
Total current liabilities	**80,317,325**	74,154,430	**33,084,413**	31,836,584
Non-current liabilities:				
Long-term loans	**62,209,160**	59,694,089	**7,391,702**	7,662,085
Debentures payable	**10,058,115**	11,053,323	**10,058,115**	11,053,323
Long-term payables	**2,624,369**	3,052,501	**–**	–
Long-term wages payable	**20,858**	23,418	**–**	–
Special payables	**6,215**	6,215	**5,656**	5,656
Provision	**108,912**	100,845	**–**	–
Deferred income	**3,607,903**	3,374,268	**67,485**	68,569
Deferred tax liabilities	**1,904,238**	2,218,341	**54,118**	54,118
Total non-current liabilities	**80,539,770**	79,523,000	**17,577,076**	18,843,751
Total liabilities	**160,857,095**	153,677,430	**50,661,489**	50,680,335
Shareholders' equity:				
Share capital	**9,862,977**	9,862,977	**9,862,977**	9,862,977
Capital reserve	**13,149,632**	13,150,902	**13,488,344**	13,489,771
Other comprehensive income	**(25,043)**	(3,055)	**(23,503)**	(14,097)
Specific reserve	**202,154**	127,704	**151,794**	93,065
Surplus reserve	**3,079,863**	2,932,780	**3,079,863**	2,932,780
Retained earnings	**15,489,318**	16,548,079	**7,511,362**	7,528,986
Total equity attributable to equity shareholders of the Company	**41,758,901**	42,619,387	**34,070,837**	33,893,482
Minority interests	**13,662,592**	13,815,136	**–**	–
Total shareholders' equity	**55,421,493**	56,434,523	**34,070,837**	33,893,482
Total liabilities and shareholders' equity	**216,278,588**	210,111,953	**84,732,326**	84,573,817

Consolidated income statement and income statement
For the year ended 31 December 2017
(Expressed in Renminbi'000)

Item	The Group 2017	The Group 2016	The Company 2017	The Company 2016
Total operating income	**79,006,836**	63,346,051	**10,596,307**	8,190,268
Total operating costs	**79,070,485**	57,742,479	**12,330,562**	9,199,587
Less: Operating costs	**70,676,809**	49,033,770	**9,938,330**	6,786,282
Taxes and surcharges	**900,837**	991,319	**117,419**	111,788
Administrative expenses	**1,677,259**	1,716,414	**368,907**	403,553
Finance expenses	**5,043,795**	4,913,391	**1,351,797**	1,207,041
Impairment loss	**771,785**	1,087,585	**554,109**	690,923
Add: Investment income	**978,142**	324,118	**3,131,971**	5,236,290
Including: income/(loss) from investment in associates and joint ventures	**469,777**	166,000	**430,468**	(83,644)
Gain on disposal of assets	**48,345**	–	**55,320**	–
Other income	**336,424**	–	**34,988**	–
Operating profit	**1,299,262**	5,927,690	**1,488,024**	4,226,971
Add: Non-operating income	**284,079**	683,954	**7,057**	38,750
Less: Non-operating expenses	**285,652**	220,270	**150,716**	146,976
Total profit	**1,297,689**	6,391,374	**1,344,365**	4,118,745
Less: Income tax expenses	**521,776**	1,765,534	**–**	5,086
Net profit	**775,913**	4,625,840	**1,344,365**	4,113,659
(i) Classified according to the continuity of operation				
(1) Continuous operating net profit	**775,913**	4,625,840	**1,344,365**	4,113,659
(2) Terminate operating net profit	**–**	–	**–**	–
(ii) Classified according to the ownership				
(1) Minority interests	**345,786**	1,281,397	**–**	–
(2) Attributable to equity shareholders of the Company	**430,127**	3,344,443	**1,344,365**	4,113,659

Consolidated income statement and income statement ***(Continued)***
For the year ended 31 December 2017
(Expressed in Renminbi'000)

Item	The Group 2017	The Group 2016	The Company 2017	The Company 2016
Other comprehensive expense, net of tax	**(22,335)**	(28,770)	**(9,406)**	(22,501)
Other comprehensive expense attributable to equity shareholders of the Company, net of tax	**(21,988)**	(27,940)	**(9,406)**	(22,501)
(i) Items that will not be subsequently reclassified to profit or loss:	**–**	–	**–**	–
(ii) Items that may be subsequently reclassified to profit or loss:	**(21,988)**	(27,940)	**(9,406)**	(22,501)
(1) Shares of other comprehensive expense that may be subsequently reclassified to profit or loss of investees accounted for under the equity method	**(10,023)**	(23,977)	**(9,406)**	(22,501)
(2) Net fair value loss on available-for-sale investments	**(11,965)**	(3,963)	**–**	–
Other comprehensive expense attributable to minority interests, net of tax	**(347)**	(830)	**–**	–
Total comprehensive income	**753,578**	4,597,070	**1,334,959**	4,091,158
Attributable to equity shareholders of the Company	**408,139**	3,316,503	**1,334,959**	4,091,158
Minority interests	**345,439**	1,280,567	**–**	–
Earnings per share				
Basic earnings per share *(RMB/Share)*	**0.044**	0.339	**N/A**	N/A
Diluted earnings per share *(RMB/Share)*	**N/A**	N/A	**N/A**	N/A

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

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

		Profit for the year attributable to equity shareholders of the Company		**Net Assets attributable to equity shareholders of the Company**	
				31 December	31 December
		2017	2016	**2017**	2016
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts under CAS		**430,127**	3,344,443	**41,758,901**	42,619,387
Adjustments:					
Business combination involving entities under common control	(i)	**(255,675)**	(354,417)	**2,747,519**	3,003,194
Government grants	(ii)	**33,592**	33,592	**(387,577)**	(421,169)
Maintenance and production safety funds	(iii)	**77,351**	46,820	**13,995**	11,308
The equity interest in an associate being passively diluted		**–**	(144,595)	**–**	–
Taxation impact of the adjustments		**63,295**	87,986	**(593,637)**	(656,932)
Attributable to minority interests		**87,215**	113,970	**(630,042)**	(717,471)
Amounts under IFRSs		**435,905**	3,127,799	**42,909,159**	43,838,317

Notes:

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

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

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

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

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

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

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