Shoulder the Responsibility

Stay True to the Mission

2017 Annual Report

大唐国际发电股份有限公司

DATANG INTERNATIONAL POWER GENERATION CO., LTD.

Stock Code: 00991

Contents

Company Profile

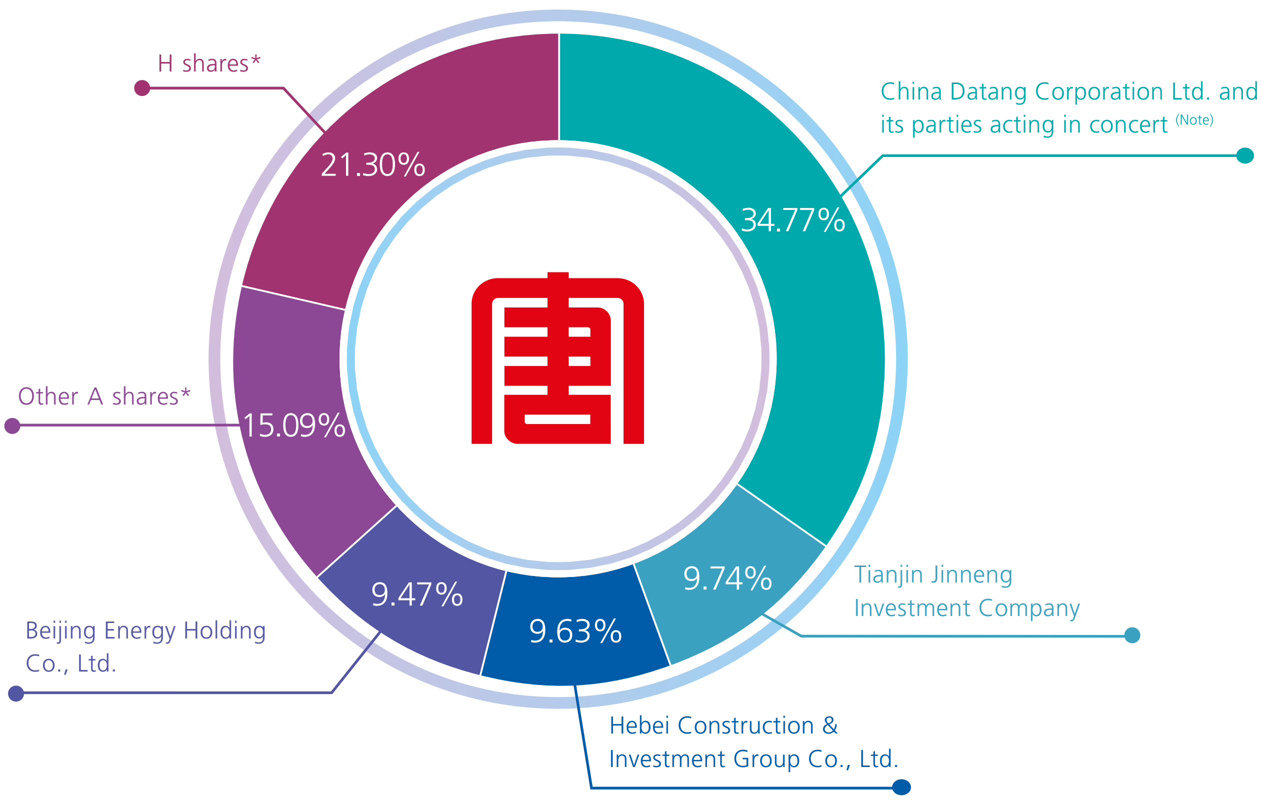
Company overview:

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 2017, the total consolidated assets of the Company and its subsidiaries amounted to approximately RMB235.932 billion. Total installed capacity under management of the Company amounted to 48,031.175MW, and the power generation businesses of the Company and its subsidiaries are mainly distributed across 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 Ltd. ("CDC") and its parties acting in concert

Note:

As of 31 December 2017, CDC and its subsidiaries held a total of 4,628,396,014 issued shares of the Company, representing approximately 34.77% of the Company's total issued shares. In March 2018, the Company completed the non-public issuance of A-Shares and H-Shares. Thereafter, CDC and its subsidiaries held a total of 9,825,068,940 shares of the Company, representing approximately 53.09% of the Company's total issued shares, still being the controlling shareholder of the Company.

Company Profile

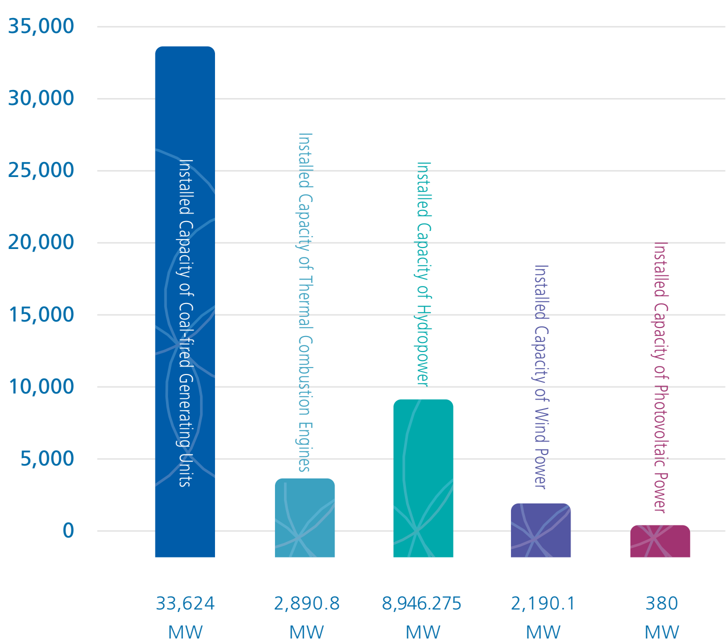
Facilitation of continuous structure optimisation

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 orderly development of coalfired 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.

Installed capacity structure of the Company



Managed an installed capacity of approximately 48,031.175 MW.

Completed power generation of approximately 198.6936 billion kWh.

Distribution of Projects

- Thermal power projects in operation
- Hydropower projects in operation
- Wind power projects
- PV projects
- Nuclear projects (partial shareholding)
- Thermal power projects under construction
- Hydropower projects under construction
- High-aluminum fly ash alumina extraction projects
- Shipment projects
- Coal mining projects


Heilongjiang
Harbin
Changchun
Jilin
Shenyang
Liaoning
Inner Mongolia
Hohhot
Beijing
Tianjin
Hebei
Shijiazhuang
Shanxi
Taiyuan
Yinchuan
Ningxia
Lanzhou
Shandong
Jinan
Shaanxi
Xi'an
Zhengzhou
Henan
Jiangsu
Anhui
Nanjing
Shanghai
Hefei
huan
Chengdu
Hubei
Wuhan
Hangzhou
Zhejiang
Chongqing
Hunan
Changsha
Nanchang
Jiangxi
Fujian
Guizhou
Guiyang
Fuzhou
Diaoyu Islands
Taipei
Taiwan
Kunming
Guangdong
Guangxi
Guangzhou
Nanning
Hong Kong
Macau
Haikou
Hainan
Guizhou
Guiyang
Changsha
Jiangxi
Fujian
Fuzhou
Diaoyu Island
Taipei
Taiwan
Guangxi
Guangdong
Guangzhou
Nanning
Hong Kong
Macau
Dongsha Islands
Haikou
Hainan
Paracel Islands
Sand Islands
Huangyan Island
South China Sea
Spratly Islands

Major Events in 2017

On 25 February 2017, generating unit No.10 in Phase V Project of Inner Mongolia Datang International Tuoketuo Power Generation Plant commenced operation. With a total installed capacity of 6,720MW thermal power, Tuoketuo Power Plant became the largest thermal power plant in service around the world.

1

On 30 June 2017, Golmud Phase V of Qinghai Datang International Renewable Power Company Limited commenced operation. With a total installed capacity of 180MW photovoltaic power, Qinghai Renewable Power Company Limited became the largest photovoltaic power station of CDC.

2

On 1 December 2017, generating unit No. 1 of Changheba Hydropower Station of Sichuan Datang International Ganzi Hydropower Development Company Limited commenced operation. With a total installed capacity of 3,466MW hydropower, Ganzi Hydropower Company became the largest hydropower station of the Company.

3

On 6 December 2017, "High Alumina Fly Ash Extraction Poly-Generation Technology and Industrial Demonstration" project self-developed by Inner Mongolia Datang International Renewable Energy Resource Development Company Limited was awarded the second class by the National Science and Technology Progress Award.

4

Major Honors and Awards received by the Company

1. We won the "Gold Award for Company", "Best Initiative Social Responsibility" from "The Asset" Magazine.

2. We won the "2017 Top 100 Companies in China" in 17th China Listed Companies Top 100 Forum.

3. We won the "Top 100 Trustworthy PRC Listed Companies" in 6th Trustworthiness Summit Forum of Listed Companies in the PRC.

4. We won the "Best Investor Relations", "Best Annual Reports Design" from "China Financial Market" Magazine.

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	2013	2014	2015	2016	**2017**
Continuing operations					
Operating revenue	71,692	68,262	60,050	57,292	**64,608**
Profit before tax	9,446	9,563	9,939	8,441	**3,324**
Income tax (expense)/credit	(2,639)	(3,017)	(3,282)	762	**(878)**
Profit for the year from continuing operations attributable to:					
– Owners of the Company	4,107	4,796	5,289	3,272	**1,708**
– Non-controlling interests	2,700	1,750	1,368	5,931	**738**

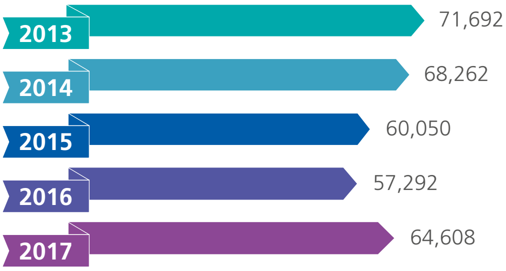
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in millions of RMB)

As at 31 December	2013	2014	2015	2016	**2017**
Total assets	299,940	307,528	308,495	233,465	**235,932**
Total liabilities	(236,110)	(244,070)	(244,911)	(174,636)	**175,747**
Non-controlling interests	(20,065)	(19,293)	(18,287)	(18,845)	**(18,425)**
Equity attributable to owners of the Company	43,765	44,165	45,297	39,984	**41,759**

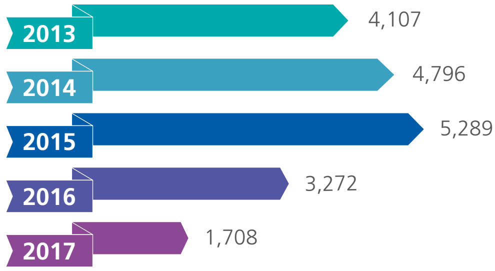
CONSOLIDATED OPERATING REVENUE FROM CONTINUING OPERATIONS

(RMB million)



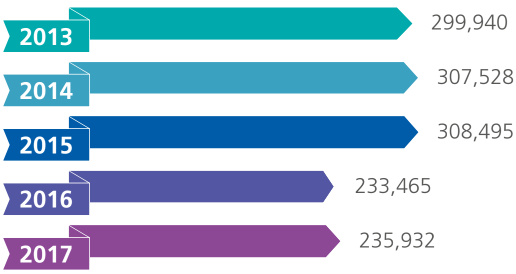
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB million)



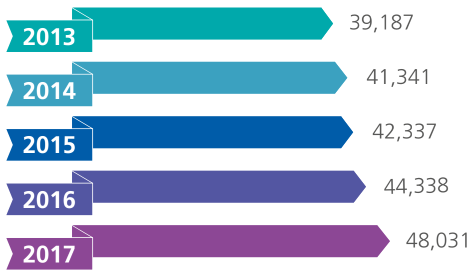
CONSOLIDATED ASSETS

(RMB million)



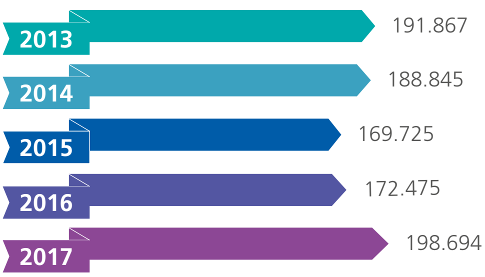
TOTAL INSTALLED CAPACITY

(MW)



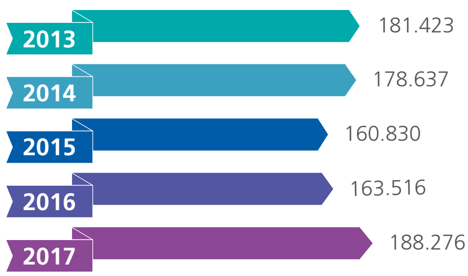
TOTAL POWER GENERATION

(billion kWh)

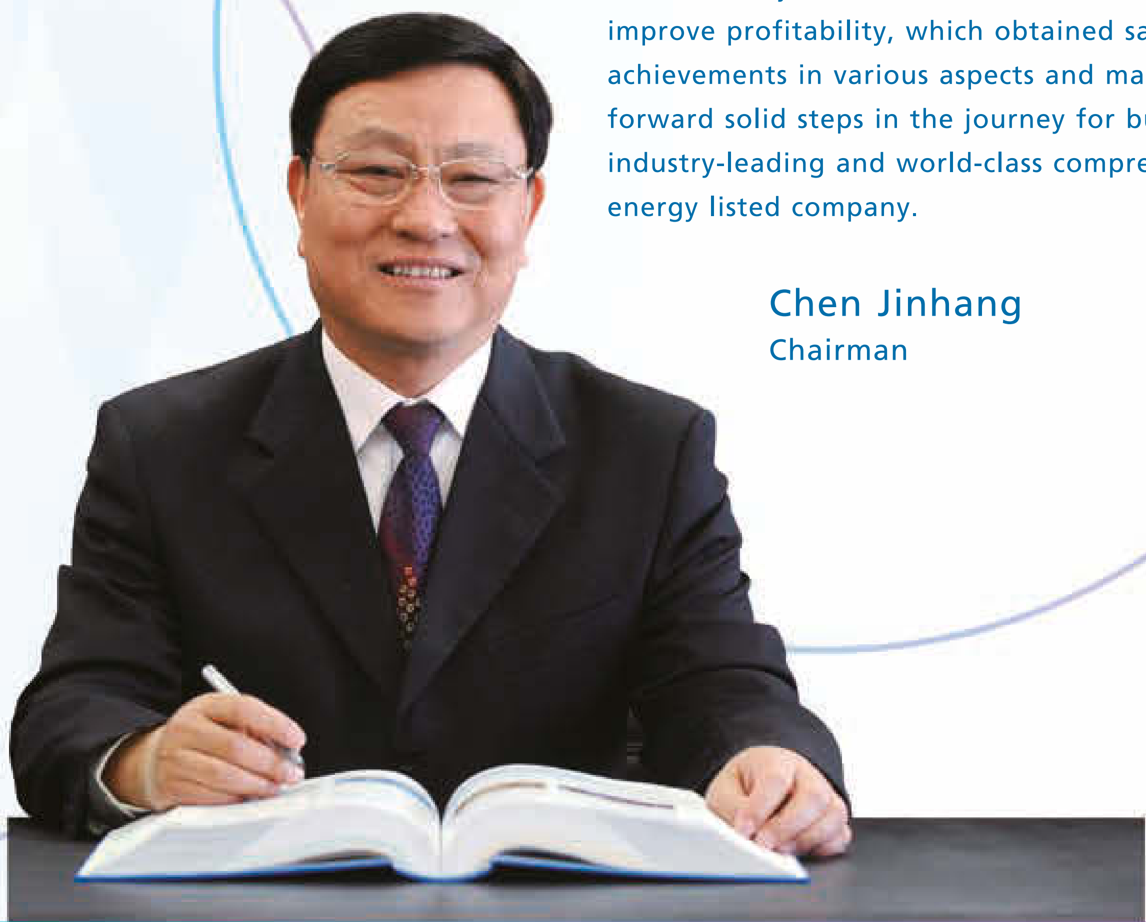


TOTAL ON-GRID POWER GENERATION

(billion kWh)



Chairman's Statement



The Company adhered to the core concept of "Value-focused and Efficiency-oriented", and regarded the quality improvement and efficiency enhancement as its main lines while setting reform and innovation as its targets, the Company has comprehensively implemented of the "Thirteenth Five-Year Plan", continued to deepen structural adjustment and strived to further improve profitability, which obtained satisfying achievements in various aspects and marched forward solid steps in the journey for building an industry-leading and world-class comprehensive energy listed company.

Chen Jinhang
Chairman

Chairmen's Statement

For the year 2017, the Company adhered to the core concept of "Value-focused and Efficiency-oriented", and regarded the quality improvement and efficiency enhancement as its main lines while setting reform and innovation as its targets, the Company has comprehensively implemented of the "Thirteenth Five-Year Plan", continued to deepen structural adjustment and strived to further improve profitability, which obtained satisfying achievements in various aspects and marched forward solid steps in the journey for building an industry-leading and world-class comprehensive energy listed company.

Safety production and stable operation. The Company insisted on safety production as the primary premise, and adhered to people-oriented safe development, zero tolerance for safety hazards, strict accountability for safety issues. The Company continued to strengthened its safety foundation by improving its safety operation and equipment reliability including 6 power generating units won awards in the national reliability units appraisal and the tasks of electricity power maintenance for important conferences, heat supply and people's well-being maintenance were successfully completed. The Company practiced the concept of "Lucid waters and lush mountains are invaluable assets", reinforced the "two-line awareness" of bottom-line and red-line of resources and environment, while leveraging technology guidance, management innovation and process reconstruction, strictly implemented the strictest discharge standards and controlled the consumption of energy resources.

Sustained improvements in operating results. Persisting in economic efficiency as the primary criteria, the Company implemented the overall benchmark surpassing plan, explored potentials and reduced costs and increased efficiency in income generation in all dimensions, which its profitability and anti-risk capabilities significantly enhanced. Under the condition that coal prices continued to stay at a high level, positive operating results were still achieved. In 2017, the Company completed the power generation of 198,693.6 million kWh, representing an increase of 15.20% year-on-year. According to the International Accounting Standards, the net profit attributable to shareholders of listed companies was RMB1,708 million, representing an increase of 162.02% year-on-year. The Company won the "2017 Top 100 Companies in China" in China Business Top 100 Forum.

Continuous enhancement of driving force for development. The Company adhered to structural adjustment as the main line of development and positively promoted the implementation of major projects to continue to optimize the power supply structure that the proportion of clean energy was kept to increase and a number of clean and highly efficient of innovative coal-fired power projects made important breakthroughs. The Company proactively carried out international cooperation and developed international business while steadily promoting major overseas projects. The non-public issuance of A-Shares and H-Shares was successfully completed by the Company, which strengthened the its financial strength and provided a strong guarantee for the Company's subsequent development. The Company was awarded the "Gold Award for Company" from "The Asset" Magazine in 2017.

Stable improvement in corporate governance. The Company's articles of association, working rules and systems were increasingly grow up with further enhancement in standardized operation in compliance with law of the Company's general meetings, the Board, the Supervisory Committee and the management. The Company was awarded "Best Investor Relations" from "China Financial Market". The Company persevered in strengthening the Party building and included the overall requirements for Party building of state-owned enterprises into the Company's articles of association, promoting organic unity for Party leadership and standardized governance of the Company. Sticking to comprehensively strict management and in compliance with the laws, the Company constantly improved the legal management system of rule-based management, system-based implementation and procedure-based execution, effectively preventing various risks and ensuring the Company's stable operations.

In 2018, the Company will fully implement the spirit of the 19th CPC National Congress and uphold Xi Jinping's socialist ideology with Chinese characteristics in the new era as guidance, regard the promotion in the development of quality, efficiency and driving force reform as main lines, so as to adapt to the situation with progress at rapid pace, focus on enhancing safety control and ensure the safety, economical and environmental-friendly operation of all enterprises; strive to deepen market operation, make every effort to increase revenue and efficiency, ensure a steady improvement in performance, focus on advancing innovation and development by promoting structural optimization, stock efficiency enhancement and incremental upgrading; and step up efforts to deepen internal reforms and constantly strengthen the capabilities in management and control of the Company; focus on enhancing capital operations, optimizing resource allocation, and improving the overall quality of assets, aiming for developing international cooperation and proactively cultivating new growth poles.

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 shall be able to receive greater development and provide better reward for shareholders and society with excellent results.

Management Discussion and Analysis

In 2017, encountering complicated situations such as the in-depth advancing of the reform in power system and the severe condition regarding coal power maintenance, supply and price control, the Company insisted on pursuing value and efficiency orientation and scored remarkable achievements in various aspects, including production safety, development optimisation, capital operation, and energy conservation and emission reduction.

(I) Overview

The Company is one of the largest independent power generation companies in the People's Republic of China (the "**PRC**"). The power generation businesses of the Company and its subsidiaries cover 18 provinces, municipalities and autonomous regions across the country, whereby coal-fired power generators of the Company are centralised in Beijing-Tianjin-Hebei and southeast coastal areas, while most of the hydropower projects are located in the southwest region. Wind power and photovoltaic power projects are distributed across the country in areas with abundant resources.

In 2017, encountering complicated situations such as the in-depth advancing of the reform in power system and the severe condition regarding coal power maintenance, supply and price control, the Company insisted on pursuing value and efficiency orientation and scored remarkable achievements in various aspects, including production safety, development optimisation, capital operation, and energy conservation and emission reduction.

(II) Review on the Operating Results of Principal Businesses

During the year ended 31 December 2017 (the "**Year**"), the Company completed the power generation of 198,693.6 million kWh, representing an increase of 15.20% over the year ended 31 December 2016 (the "**Previous Year**"). As of 31 December 2017, total consolidated assets of the Company and its subsidiaries (together, the "**Group**") amounted to approximately RMB235,932 million, representing a year-on-year increase of RMB2,467 million; total consolidated liabilities of the Group amounted to approximately RMB175,747 million, representing a year-on-year increase of RMB1,111 million.

1. Continuously strengthening production safety management and control

In 2017, the Company always maintains a high-tension safety management. The Company insists on controlling minor matters to prevent the occurrence of material matters, regarding attempts as realised matters, giving zero tolerance to potential safety hazards, strictly holding accountability and upgrading evaluation of safety issues. The Company has thoroughly implemented standardised team building, persistently strengthened the safety awareness and maintained a stable level of overall production safety, and fulfilled the power preservation tasks in the important timeframes, such as "Two Sessions" and the "Belt and Road Initiative" summit forums. In particular, the Company took the safe and stable supply of electric power for the 19th CPC National Congress as an opportunity for comprehensive inspection, rectification and improvement to promote the entire quality improvement in production safety. Six generating units from enterprises such as Inner Mongolia Datang International Tuoketuo Power Generation Company Limited, Zhejiang Datang International Wushashan Power Generation Company Limited, Tianjin Datang International Panshan Power Generation Company Limited and Zhangjiakou Power Plant of Datang International Power Generation Company Limited won awards in the national reliability units appraisal.

2. Significant results achieved in profitability

By leveraging on continuous benchmark surpassing, the Company significantly improved in major indicators such as profitability and power generation. Targeting on the benchmark, the Company strengthened regional benchmarking and same-type benchmarking and strived to seize all efficient market power. The Company proactively participated in market power competition, strengthened the marketing system, and continued to enhance its market competitiveness. Keeping on optimising fuel management and strengthening the coordination and synergy among specialized departments, the Company implemented regional centralized storage and transport to strive for improving market response capability. Also, the Company strengthened the comprehensiveness and rigidity of budget to strictly control the expenses of all items.

3. Consecutive breakthroughs achieved in optimised development

The Company positively promoted the implementation of key projects, and pursued the most favourable path for transformation and upgrading. During the reporting period, newly installed capacity of the Company was 3,695.5MW. In particular, the second 660MW power generating unit in Phase V of Tuoketuo Power Plant successfully commenced operation, making it the largest thermal power plant in the world; four 650MW power generating units in Changheba Hydropower Station commenced production, making it the largest hydropower station in service of the Company.

During the reporting period, projects of the Company with a total capacity of 1,102MW were approved, including wind power projects with a capacity of 1,029.8MW and photovoltaic power projects with a capacity of 72.2MW.

4. Steady advancement in capital operation

The Company optimised the structure of property rights and revitalised existing assets. During the reporting period, the Company has completed the equity transfer of equity interest it held in China Continent Property & Casualty Insurance Company Ltd. and entire equity interest it held in Chongqing Yuneng Yangzi Electricity Company Limited, which both gained good results. The Company successfully completed the non-public issuance of A-Shares and H-Shares, of which the approvals were obtained from the China Securities Regulatory Commission for the non-public issuance of H-Shares and A-Shares in September 2017 and March 2018 respectively. The Company has completed the issuance of H-Shares on 19 March 2018, issuing 2,794,943,820 H-Shares with gross proceeds of approximately HK$6,222 million raised; and has completed the issuance of A-Shares on 23 March 2018, issuing 2,401,729,106 A-Shares with gross proceeds of approximately RMB8,334 million raised.

5. Continuous optimisation in energy conservation and emission reduction indicators

During the reporting period, total coal consumption of the Company for power supply was 300.65g/kWh, representing a year-on-year decrease of 0.03g/kWh. Electricity consumption rate of power plants was 3.60%, representing a year-on-year increase of 0.05 percentage point. The equipment rate of dust removal, desulfurisation and denitrification of coal-fired power generating units of the Company reached 100%, much higher than the national average level. The operation rate of desulfurisation and denitrification amounted to 100.00% and 99.86%, respectively, while the performance of sulfur dioxide, nitrogen oxides, smoke ash and waste water were 0.09g/kWh, 0.13g/kWh, 0.02g/kWh and 0.026kg/kWh, respectively. During the year, the Company completed ultra-low emission transformation projects on 7 units and 66 coal-fired power generating units with capacity of 30,380MW in total, reaching 95.1% in transformation rate.

6. Constant improvement in corporate governance

The Company has made amendments to the "Articles of Association" of the Company by clarifying the statutory position of Party organisation in the corporate governance structure. The relevant matters were considered and approved by the Board and at the second extraordinary general meeting for the year 2017 of the Company. In 2017, the Company won the "Gold Award for Company" and "Best Initiative Social Responsibility" from "The Asset" Magazine, and was listed on the "2017 Top 100 Companies in China" in China Business Top 100 Forum and "Top 100 Creditable PRC Listed Companies", and was awarded "Best Investor Relations" and "Best Annual Reports Design" from "China Financial Market" and won other awards.

(III) Major Financial Indicators and Analysis

1. Operating Revenue

During the Year, the Group realized a consolidated operating revenue from continuing operations of approximately RMB64,608 million, representing an increase of approximately 12.77% over the Previous Year, among which, revenue from electricity sales increased by approximately RMB6,712 million over the Previous Year.

2. Operating Costs

During the Year, total operating costs of the Group relating to continuing operations amounted to approximately RMB56,768 million, representing an increase of approximately RMB12,644 million or 28.66% over the Previous Year. Among which, fuel cost accounted for approximately 57.76% of the operating costs, and depreciation cost accounted for approximately 19.84% of the operating costs.

3. Net Finance Costs

During the Year, finance costs of the Group relating to continuing operations amounted to approximately RMB5,909 million, representing an increase of approximately RMB310 million or approximately 5.54% over the Previous Year. The increase was primarily due to the inclusion of the interest expense of new operating units into the finance costs for the Year.

4. Total Profit and Net Profit/Loss

During the Year, the Group reported a total profit before tax from continuing operations amounting to approximately RMB3,324 million, representing a decrease of approximately 60.62% over the Previous Year. Net profit attributable to equity holders of the Company amounted to approximately RMB1,708 million, while net loss attributable to equity holders of the Company for the year 2016 amounted to approximately RMB2,754 million. The decrease in the Group's total profit before tax from continuing operations was mainly due to a significant year-on-year increase in unit price of standard coal for the current period.

Power generation segment of the Company realized a total profit of approximately RMB2,921 million, representing a year-on-year decrease of approximately RMB6,021 million.

5. Financial Position

As of 31 December 2017, total assets of the Group amounted to approximately RMB235,932 million, representing an increase of approximately RMB2,467 million over the Previous Year. The increase in total assets was mainly due to the new investments for the current period.

Total liabilities of the Group amounted to approximately RMB175,747 million, representing an increase of approximately RMB1,111 million over the Previous Year. The increase in total liabilities was mainly due to the increase in corresponding liabilities caused by the new investments for the current period.

Equity attributable to equity holders of the Company amounted to approximately RMB41,759 million, representing an increase of approximately RMB1,775 million over the Previous Year. Net asset value per share attributable to equity holders of the Company amounted to approximately RMB3.14, representing an increase of approximately RMB0.14 per share over the Previous Year.

6. Liquidity

As of 31 December 2017, the assets-to-liabilities ratio of the Group was approximately 74.49%. The net debt-to-equity ratio (i.e. (loans + short-term bonds + long-term bonds – cash and cash equivalents)/total equity) was approximately 224.87%.

As at 31 December 2017, cash and cash equivalents of the Group amounted to approximately RMB4,192 million, among which deposits equivalent to approximately RMB55 million were foreign currency deposits. The Group had no entrusted deposits and overdue fixed deposits during the Year.

As at 31 December 2017, short-term loans of the Group amounted to approximately RMB24,441 million, bearing annual interest rates ranging from 2.46% to 4.35%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB88,413 million and long-term loans repayable within one year amounted to approximately RMB11,233 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 2.70% to 6.22%. Loans equivalent to approximately RMB458 million were denominated in US dollar. The Group paid close attention to foreign exchange market fluctuations and cautiously assessed risks.

7. Welfare policy

As of 31 December 2017, the staff of the Group totaled 20,242. 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. By leveraging on implementing policies such as providing allowance for employees who work in remote and underdeveloped areas, high-temperature conditions and allowance for team leaders, the Company continued to take medium-and-long-term incentives mechanisms, persisted in the value orientation of being in favor of enterprises in underdeveloped and remote areas with good performance and high efficiency for distribution of total salaries, while being in favor of employees who work in first-line production and key positions for the internal income distribution. Performance assessment and appraisal system has been established and improved for enterprises, persons in charge and employees, the Company kept on striving for strengthening performance assessment by taking full advantages of remuneration incentives. In 2017, the Company conducted systematic training for 377,668 person-times, a total of 1,387 employees passed professional and technical qualification assessments, of whom 147 received senior titles; 620 received intermediate titles; and 620 received junior titles. 6 people obtained senior technician qualification with the total accumulated number of 216 and 99 acquired technician qualification with the total accumulated number of 1,303.

8. Charge on Group assets

Certain long-term loans of the Group are secured by pledge on its property, plant and equipment. As at 31 December 2017, the carrying amount of the pledged assets amounted to RMB3,703,915 thousand.

9. Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

(IV) Outlook for 2018

In 2018, by insisting on upholding the "value-based mindset and efficiency orientation", and the main quest of comprehensive quality improvement with a focus on boosting quality and efficiency in development, the Company will continue to enhance safety management and control, competitive advantage, assets quality, governance capability and team quality, so as to step up efforts in building a comprehensive power source listed company in the industry with world-class standard.

1. Accelerate the overall quality improvement in production safety

Earnestly implement the spirit of the 19th CPC National Congress and adhere to the concept of safe development. The Company will maintain a high-tension safety management and insist on implementing the requirement of "controlling minor matters to prevent the occurrence of material matters" by sticking to strict upgrading assessments and management, and supervising personnel at all levels to performance their responsibilities of safety. Second, the Company will continue to comprehensively solidify the foundation of production safety and improve the entire safety awareness and skills. Third, keeping on promoting the governance of energy saving and environmental protection, also, the Company will enhance bottom-line and red-line awareness of resource and environment with a focus on the overall management of emission reduction and environmental protection. Fourth, the Company will speed up the improvement of production and further strengthen the efforts in optimisation of operation, inspection and repair to ensure safe, reliable and efficient operation of the equipment of generating units, with an aim for achieving outstanding performance in various production indicators.

2. Strive to improve profitability

Persisting in benchmark surpassing and targeting on the market, the Company will spare no efforts to increase power generation, lower coal price and control costs. In respect of the increase in power generation, being a pioneer for adapting to the reform and market, the Company will deepen the study of the policy trend of power system reform, continue to keep efficiency orientation to proactively seize all efficient substituting generation output while focusing on internal optimising adjustment. In term of lowering coal price, leveraging on the profound understanding of "cutting excess capacity" policy of coal industry, the Company will improve the coordination and communication with governments and companies, positively respond to the market, consolidate both external coordination and synergy and internal potentials, so as to lower coal price through multiple measures. As for cost control, we will improve the level of dedicate management, strictly control the costs and expenses, and strive for preferential policies.

3. Committed to ensuring sustainable development

Committed to promoting healthy and sustainable development of the Company with innovative thinking and methods. First, Company will constantly strengthen innovative development concept by enhancing the expansion of new concept and ideas, meanwhile, application of new technologies and equipment such as multiple-energy resource supplementation and energy storage will be comprehensively strengthened during the development of existing and planned projects. Second, with the constantly enhanced concept of green development, the Company will step up its efforts to promote the implementation of high-quality new energy projects; proactively march forward to the forefront of industrial chain of offshore wind power and solar thermal energy, and effectively increase the proportion of non-water renewable energy of the Company and improve its competitiveness in electricity market. Third, aim for creating more profit growth points for the Company, efforts in the construction of boutique projects will be strengthened with comprehensive emphasises on the management and control of safety, quality, construction period and cost. Upon the completion of the equity transfer between China Datang Corporation Ltd. and the Company regarding the equity in Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd., the Company's total installed capacity will be increased by approximately 13,073MW. It is expected that 3,005MW will be put into production of the constructions in progress of the Company in 2018.

4. Further improvement in 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" with the overall innovation in mechanism and process to ensure the implementation of responsibilities, management and control in place. 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 financing models. Last but not least, the Company will reinforce its market value management by establishing a strategy for it to realize corporate value creation, boost investor confidence, build the "Datang Power" brand and continuously stimulate the vitality as a listed company.

Fulfillment of Social Responsibilities

Keeping our mission in mind, we have consistently adhered to the concept of social responsibility in development, faithfully fulfilled our economic, political and social responsibilities, and assumed the new mission entrusted by the new era. We are determined to build a world class company that "is value-added, eco-friendly, legal compliant, innovation-driven and CSR-minded."

(I) OUR RESPONSIBILITY

Keeping our mission in mind, we have consistently adhered to the concept of social responsibility in development, faithfully fulfilled our economic, political and social responsibilities, and assumed the new mission entrusted by the new era. We are determined to build a world class company that "is value-added, eco-friendly, legal compliant, innovation-driven and CSR-minded."

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 responsible for the national prosperity, socio-economic progress, corporate development and growth of our employees.

Legal Compliant

We have implemented a scientific, standardized, systematic and efficient institutional framework, and created a law-based internal management environment for discussions and service. Our governance system is based on the rule of law and trust.

Value-added

We have adhered to integrating the concept of "Value-focused and Efficiency-oriented" into the whole process and every aspect in production and operation. Our outstanding performance and the quality of our assets, coupled with the appropriate structure, ensures that we always strive to add value to what we do to maximize our economic, environmental and social impacts.

Innovation-driven

We are committed to institutional, managerial and technical innovation and use these to further upgrade our company.

(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	Main practices in 2017
Government	National policies and energy security Power and heat supply Legal compliance Tax Structural optimization of energy Increasing employment Management and technical innovation	Laws, regulations and policies Relevant meetings Report works Statistical statements Information submission High-level meetings	Power generation capacity Total Profit and tax Jobs provided Innovation results	• We undertook 2 projects of National and Provincial Key Technology R&D Program, organized and participated in the compilation of 5 industrial and higher level standards • The "Technics and industrial demonstration of producing alumina with calcium silicate as byproduct" research project was awarded second prize by the Science and Technology Progress Award of the China Association of Circular Economy.
Shareholders	Profit level Standardized operations	General meetings Company announcements Periodic reports Contracts and agreements	Shareholder dividends Shareholder rights and interests Sales income Company profit	• The proposal to revise the *Articles of Association of Datang International Power Generation Co., Ltd* was reviewed and approved at the 2nd Extraordinary General Meeting. • The 2017 Interim Results Presentation was held in Shanghai and Hong Kong.
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	Work environment Accident rate Labor union membership rate Collective contract coverage ratio Salary levels Investment in staff training Staff turnover rate	• The 5th Meeting of the 5th Employee Representative Assembly & 2017 Work Meeting was held in Beijing. • The 11th "Datang Cup" Competition was held in Chongqing Pengshui Hydropower Company by the Association of Culture and Sports of Chongqing, Sichuan and Tibet.
Community	Harmonious community Public welfare cause Safety and environmental protection	Collaborative construction Public welfare activities Safety and environmental protection publicity	Investments in community building Public welfare investment Number of pollution complaints	• The Party Member Volunteer Service Team of Hebei Douhe Power Plant held cultural activities for the Dragon Boat Festival in Qianhou Village, Lubei District, Tangshan. • Chongqing Pengshui Hydropower Company hosted an open house event with the theme of "Lighting the Future with Clean Energy". • Hebei Tangshan Thermal Power Company disclosed its pollutant emission data to the public.

Stakeholders	Concerns	Communication Methods	Performance Indicators	Main practices in 2017
Client	Safe and stable supply Electricity price and heat price	Contracts and agreements Power and heat products Relevant technical services	Client satisfaction level	• Jiangxi Fuzhou Power Generation Company implemented a total of 30 direct electricity contracts in four batches in 2017. The contract quantity accounted for 21.2% of the total, and was 9.37% higher than its capacity.
Partner	Honesty and legal compliance Long-term cooperation	Contracts and agreements Products and services	Honesty level Contract completion rate Period of cooperation Responsible purchasing Profit	• Datang Power signed a strategic cooperation framework agreement with Xinjiang Goldwind Science and Technology Co., Ltd. • Datang Power signed a strategic cooperation framework agreement with Power China International Group Limited.
Environment	Energy conservation and emission reduction Biodiversity protection Green operation	Environmental information disclosure Energy conservation and emission reduction promotion Environmental impact assessment	Installed capacity Ultra-low emission transformation of units Proportion of clean and renewable energy Energy conservation indicators Emission reduction indicators	• The ultra-low emission transformation of 7 units was completed. • Sichuan Ganzi Hydropower Company organized the yearly fish breeding for the Changheba Hydropower Station Reservoir area and the Huangjinping Hydropower Station Reservoir area.
Social Organization	Contributions Impact on sustainable development	Meetings Activities	Frequency and depth of participation in activities Membership fee amount	• The Youth Volunteer Service Team of Shaoxing Jiangbin Thermal Power Company and the Wolf Warrior Rescue Team of Shaoxing Rescue Association reached a cooperation agreement to carry out voluntary work.

Company 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 Stock Exchange (SEHK) and London Stock Exchange (FTSE). In 2006 the company was listed on the Shanghai Stock Exchange. Over the past 24 years, Datang Power has grown from four thermal power plants with an installed capacity of 2,850 MW into one of the largest comprehensive energy companies in China. Headquartered in northern China, we are rooted in western China, and expanding towards China's coasts. We have subsidiaries and ongoing projects in 18 provinces. With power generation as the major business, we cover various sectors and industries including coal, transportation, circular economy and electricity sales. We have transformed from a thermal power generation company to an integrated energy

1994

Datang Power founded; installed capacity 2,850 MW.

1997

Datang Power was the first Chinese power company listed on the Hong Kong Stock Exchange (SEHK), and the first Chinese company listed on London Stock Exchange (FTSE).

2006

Datang Power was listed on the Shanghai Stock Exchange (SSE) making it the first power company to be listed on the SEHK, FTSE, and SSE; installed capacity exceeded 20,000 MW.

2009

Datang Power was included on the Fortune Global 500 and received the "Gold Award for Company" from Asset Magazine; installed capacity exceeded 30,000 MW.

enterprise with operations in different sectors and industries. In 2017, we accelerated the transformation of development mode, strengthened structural adjustment, and improved the development quality and business performance, achieving remarkable results.

We have been listed on the "Platts Top 250 Global Energy Companies" for the 11th consecutive year, "Top 100 Listed Companies in China" and "Top 100 Most Trustworthy Listed Companies in China", and won the "Corporate Gold Award", the Asset Best Initiative in Environmental Responsibility and the Asset Best Initiative in Social Responsibility by the Asset Magazine, and won awards of Best Investor Relation and Best Annual Report Design by China Financial Market.

2011

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 38,484 MW.

2013

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

2014

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

2015

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

2016

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 44,338 MW.

2017

With an installed capacity of 48,031 MW, in 2017, the company was listed into the "Top 250 Global Energy Companies" by Platts for eleven consecutive years and awarded "Top 100 Listed Companies in China". It also broke several records including the highest single-day power generation, highest single-month power generation, and highest cumulative power generation.

Human Resources Overview

1. Composition of employees (specialty, educational background)

Total number of employees: 20,242. By category: Management: 5,013; professional technicians: 3,094; production personnel: 10,981; other staff: 1,154. By educational background: Postgraduate and above: 619; Undergraduate: 11,379; College graduate: 4,687; Secondary technical or below: 3,557.

2. Management

In 2017, the Company's human resources management focused on "Six Enhancements" by strengthening the construction of the employee teams, optimising the deployment of human resources, adjusting organizations of project companies in a timely manner, enhancing the guarantee of marketing organizations, keeping on deepening the system reform of income distribution and performance assessment, and solidifying employee training, with successful accomplishment of all tasks throughout the year.

3. Training

In 2017, the Company conducted systematic training for 377,668 person-times, a total of 1,387 employees passed professional and technical qualification assessments, of whom 147 received senior titles; 620 received intermediate titles; and 620 received junior titles. 6 people obtained senior technician qualification with the total accumulated number of 216 and 99 acquired technician qualification with the total accumulated number of 1,303.

4. Implementing measures

(1) Improvement in the construction of leading bodies and management teams. Striving for strengthening the construction of leading bodies at all levels, the Company fully stimulated the new vitality of team construction by establishing monthly assessment system to reinforce the assessment incentives of leading bodies; adhering to the employment orientation of "Four Focuses and Eight Reviews" by strict selection and designation of cadres according to the number of posts, regulations and procedures; promoting the cadres adjustment for the sake of servicing the Company's development and solving noticeable issues with continuous improvement in selection and appointment of personnel; and implementing earnestly the work requirements of "combination of training and employing, and simultaneous development of strict and generous measures", with an aim for creating high-quality reserve cadres teams.

(2) Strengthening the organization structure and optimising the deployment of human resources. The Company optimised and modified the corporate organization of 23 enterprises at basic level, accelerated the construction of regional electricity sales company, established major regional energy marketing companies, and improved supporting business model and corporate organization. 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 of cadres with production techniques and counterpart assistance were carried out. The Company instructed the enterprises at basic level to thoroughly standardize the management of labor and employment and recruited college graduates with continuous optimisation of the talent team structure.

(3) Reinforcing the remuneration incentives and performance assessment. The Company 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. By leveraging on implementing policies such as providing allowance for employees who work in remote underdeveloped and high-temperature areas and allowance for team leaders, the Company continued to take medium-and-long-term incentives mechanisms, persisted in the value orientation of being in favor of enterprises in underdeveloped and remote areas with good performance and high efficiency for distribution of total salaries, while being in favor of employees who work in first-line production and key positions for the internal income distribution. Performance assessment and appraisal system has been established and improved for enterprises, persons in charge and employees. The Company kept on striving for strengthening performance assessment by taking full advantages of remuneration incentives.

(4) Consolidating staff training and improving the quality of the staff teams. 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 staff teams and enhance core competitiveness of the enterprises of the Company. 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.

5. Achievements and awards

The Company participated in the Technical Contest of CDC: 15 were awarded the " Technical Expert of CDC", 11 were awarded "Outstanding Technical Contestants of CDC", won "Group Special Award" in the Concentrated Control Staff on Duty Technical Contest; participated in the National Electric Power Industry Welders and Young Trainers Competition on behalf of CDC, and 2 were awarded "Technical Expert in Power Industry"; participated in the BRICS Skills International Welding Competition (the 5th Arc Cup) on behalf of CDC, and 1 person won the second class of Welding Project; participated in the Nonferrous Metals Industry Technical Contest of 11th "China Aluminum Cup" , and 2 were awarded " National Technical Expert" , 2 were awarded "Technical Expert in Nonferrous Metals Industry" and won group third prize; participated in the Team Leader Comprehensive Technical Competition of China's Nonferrous Metals Industry "Jiangxi Copper Cup" , and 3 won the first class.

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

Chen Jinhang

Chairman and Non-executive Director

Mr. Chen, aged 62, is a professor-grade senior engineer with postgraduate qualifications. Mr. Chen is currently the Chairman and Party Committee Secretary of CDC, and the Chairman of the Company. 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. 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

Mr. Wang, aged 57, is a senior engineer with postgraduate qualifications. Mr. Wang was the 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 of the General Manager and Head of the Office (Policy and Legal Department and International Cooperation Department) of CDC. He is currently the General Manager, Deputy Party Committee Secretary and Vice Chairman of the Company. 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.

Liu Chuandong

Non-executive Director

Mr. Liu, aged 55, post-graduate, is a senior accountant. Mr. Liu started to work in July 1981 and served as the Deputy Director of the Finance Department of Shandong Power Industry Bureau, Chief Accountant of Jinan Yingda International Trust and Investment Corporation, Chief Accountant of Shandong Power Generation Company, Deputy Chief Accountant of the Shandong Branch Company of Huaneng Power International, Inc., 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 China Datang Corporation Capital Holding Company, Director of the Financial Management Department of CDC as well as Party Committee Secretary of China Datang Corporation Capital Holding Company. He is currently the Chief Accountant and Party Committee Member of CDC, Chairman of China Datang Corporation Capital Holding Company and China Datang Finance Company Limited, and Director of Alltrust Property Insurance Company Ltd. and 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). 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, is a senior engineer with a bachelor's degree. Mr. Liang served as the Deputy Plant Head 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 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 is currently the Director of Safety Production Department of CDC, Deputy Director of Beijing International Clean Energy Power Generation Training Center, Head of Beijing International Electric Power Data Monitor and Diagnosis Center and Beijing International Gas Turbine Maintenance Center, and Director of Datang Electric Power Fuel Company Limited, China Datang Corporation Capital Holding Company, Guangxi Guiguan Electric Power Company Limited (600236.SH), Datang Huayin Electric Power Co., Ltd*(大唐華銀電力股份有限公司)(600744.SH), Datang Environment Industry Group Co., Ltd.* (大唐環境產業集團股份有限公司) (1272.HK) and Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司) (1798.HK). 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 51, is a senior engineer with a bachelor's degree. 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 and the Manager of the Facilities Department and the Deputy General Manager of Douhe 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; Chief of the Integrated Planning Department, the Deputy Chief Economist and the Chief of the Integrated Planning Department and Chief Economist of the headquarter of the Company. He currently serves as the Party Committee Member, Deputy General Manager of the Company, Secretary to the Board and the Joint Company Secretary. Mr. Ying has long been engaged 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, is a master's degree holder and a senior engineer with postgraduate qualifications. Mr. Zhu has successively served 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.

Cao Xin

Non-executive Director

Mr. Cao, aged 46, is a principal senior economist with doctoral candidate from Renmin University of China. Mr. Cao started to work at Hebei Construction Investment Company in July 1992, and 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. (00956.HK), 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. (00956.HK). 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. (00956.HK) 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 an 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.

Zhang Ping

Non-executive Director

Mr. Zhang, aged 50, is a senior economist as well as a senior political officer with a bachelor's degree and a postgraduate degree. Mr. Zhang was the Secretary of the Party Committee of Inner Mongolia Electricity Bureau and the Office of Diversification of Operation and Management Bureau, the Manager of Political Affairs of Inner Mongolia Mengxi Silicon & Electricity Enterprise Corporation, the Deputy Director of Party-masses Work Department, the Director of General Manager Work Department and an Assistant to the General Manager of Inner Mongolia Daihai Electric Power Generation Co., Ltd., as well as the Secretary of the Communist Party Discipline Supervisory Committee and the Chairman of the Labor Union of Inner Mongolia Daihai Electric Power Generation Co., Ltd. He also served as the manager of the Comprehensive Management Department and the Vice President of Beijing Jingneng International Energy Co., Ltd., the Secretary of the Communist Party and the Manager of Inner Mongolia Daihai Electric Power Generation Co., Ltd. and the General Manager of Beijing Jingneng Thermal Power Co., Ltd.. He has been the Deputy Chairman, the Secretary of the Party General Branch and the General Manager of Beijing Jingneng Power Co., Ltd. (600578.SH) since March 2017, and the Director of Beijing Jingneng Coal & Electricity Asset Management Co., Ltd.. Mr. Zhang has long been engaged in the operation management and administrative management of electricity enterprises, and has extensive knowledge and practical experience in production and operation of electricity enterprises.

Jin Shengxiang

Non-executive Director

Mr. Jin, aged 43, a senior engineer with a bachelor's degree and a postgraduate degree. Mr. Jin was a cadre of Turbine Research Institute of Beijing Electric Power Research Institute, a cadre of Turbine Research Institute of North China Electric Power Research Institute Co., Ltd., the Manager of the Infrastructure Commissioning Project of Turbine Research Institute and the Deputy Head of Turbine Research Institute. He served as the Manager of the Production Safety Department and the Vice President of Beijing Jingneng International Energy Co., Ltd. and the Deputy Director and the Director of Production and Operation Department and the Director of the Production Management Department of Beijing Energy Investment Holding Co., Ltd.. He has been the Director of the Production Management Department of Beijing Energy Holding Co., Ltd. since December 2014, a Director of Beijing Jingneng Power Co., Ltd. (600578.SH) and a non-executive Beijing Jingneng Clean Energy Co., Limited (0579.HK) since February 2018 . Mr. Jin has long been engaged in the production management of electricity enterprises, and has extensive knowledge and practical experience in production and operation and safety production management of electricity enterprises.

Liu Jizhen

Independent Non-executive Director

Mr. Liu, aged 66, 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 successively served as the Head of the Faculty of Power of North China Power College; 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; served as the Principal of the School of Water Resources and Hydropower Engineering, Wuhan University; and served as the Principal of the North China Electric Power University. 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" and Independent Director of Huaneng Power International Inc. (600011.SH, 00902.HK). 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 60, 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, doctoral supervisor and professor 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. Dr. Feng served as an Independent Director of AVIC Aircraft Co., Ltd. (000768.SZ), China Non-ferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. (000758.SZ), Shaanxi Broadcast & TV Network Intermediary Co., Ltd. (600831.SH), Shaanxi Aerospace Power Hi-Tech. Co., Ltd. (600343.SH) and Shaanxi Fenghuo Electronics Co., Ltd (000561.SZ), and Bode Energy Equipment Co., Ltd. (300023.SZ), 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 Hubei Biocause Pharmaceutical Co., Ltd. (000627.SZ), Changchai Co., Ltd. (000570.SZ) and CSC Financial Co., Ltd. (06066.HK). Dr. Feng has long been involved in education and administration management of Economics and Finance. He has extensive experience in Economics and Finance.

Luo Zhongwei

Independent Non-executive Director

Mr. Luo, aged 62, is a Doctor of Economics. Mr. Luo served as an Independent Director of Zhejiang China Commodities City Group Co., Ltd. (600415.SH) and Sichuan Langsha Holding Ltd. (600137.SH). 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. He concurrently serves as a Councilor of Chinese Society of Technology Economics and Investment Advisory Committee of the Investment Association of China, a member of the Management Modernisation Working Committee of China Enterprise Confederation, an Independent Director of Greatwall Wealth Asset Management Co., Ltd., and a Director of Beijing Red Date Technology Co., Ltd.. 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 49, is a Master of Science and a Doctor of Economics from Fudan University. 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 (02345.HK), Jingwei Textile Machinery Co., Ltd. (00350.HK), Changan Fund Management Co., Ltd. and Changan International Trust Co., Ltd. Mr. Liu is currently the Chief Economist of Hengdeli Holdings Limited, the Deputy Director of the Center for Securities Studies of Fudan University (concurrent), Vice President of Shanghai Finance Society, as well as the Independent Director of Shanghai Xinhua Media Co., Ltd. (600825.SH) and Shanghai Zijiang Enterprise Group Co., Ltd. (600210.SH). Mr. Liu has long been engaged in research in economics and has extensive experience in economic operation and corporate management.

Jiang Fuxiu

Independent Non-executive Director

Mr. Jiang, aged 48, is a Doctor of Economics and a Postdoctoral Scholar in Management (Accounting). Mr. Jiang served as the Independent Director of Lancy Co., Ltd. (002612.SZ). He is currently the professor and Doctoral Supervisor of the Finance Department of the School of Business of Renmin University of China, the Independent Director of Yantai Longyuan Power Technology Co., Ltd. (300105.SZ), Beijing UTour International Travel Service Co., Ltd. (002707.SZ) and Northcom Group Co., Ltd. (formerly known as Shandong Qixing Iron Tower Co., Ltd. 002359.SZ). 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 55, with a bachelor degree, is a senior economist as well as a senior political officer. Ms. Yu has served as a cadre in the economic research centre of Xi'an Municipal Government, 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, a Party Committee Member, Leader of the discipline inspection team and the Chairman of Labour Union of the Company. She is currently a member of the Party Committee and the Secretary of Committee for Discipline Inspection of the Company. 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 54, is a senior accountant with a bachelor degree. Mr. Zhang commenced career in Liaoning Fushun First Construction Company in 1982. He served as an accountant in Liaoning Fushun First Construction Company, Accountant and Chief Accountant of Financial Department of Liaoning Power Plant; and Deputy Head and Head of Finance Department, Deputy Chief Accountant, Chief Accountant of Liaoning Nenggang Power Generation Co., Ltd., Chief Financial Officer of Tianjin SDIC Jinneng Electric Power Co., Ltd., and the Vice Manager and Manager of Financial Department of Tianjin Jinneng Investment Company. He currently serves as the Manager of the settlement center of Tianjin Energy Investment Group Co., Ltd. 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 54, is a senior accountant with university education. Mr. Liu served as the Chief Accountant of Xinxiang Coalfired 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; the Chief Accountant of the Company. He currently serves as the Head of financial management department of CDC, a Director of Datang Huayin Electric Power Co., Ltd. (stock code: 600744). 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, is a senior economist with a post-graduate master degree. 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 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 51, is a senior engineer with postgraduate qualifications. 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) of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. He currently serves as a Party Committee Member, the Deputy General Manager and Chairman of Labour Union of the Company. 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.

Meng Fankui

Deputy General Manager

Mr. Meng, aged 54, 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. 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 Zhongmin

Deputy General Manager

Mr. Duan, aged 57, is a senior engineer with university education. He currently serves as a Party Committee Member and Deputy General Manager of the Company. 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 CDC, the secretary of the party committee and the general manager of Sichuan Branch Company of CDC. He has served as the General Manager and the Vice Secretary of the party committee of China Datang Overseas Investment Co., Ltd.. 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.

Li Zengfang

Chief Accountant

Mr. Li, aged 47, is a university graduate and an accountant. Mr. Li served as the Deputy Head and Head of accounting office of financial assets department of China Huadian Corporation, the Chief Financial Officer and Chief Legal Counsel of China Huadian Hong Kong Company Limited, the Deputy Director of financial and risk management of China Huadian Corporation, the Chief Financial Officer and a Party Committee Member of Huadian Power International Corporation Limited. He currently serves as a Party Committee Member and the Chief Accountant of the Company. Mr. Li has long been engaged in financial management of electric power enterprises, and has extensive experience in the operation and management of electric power enterprises.

Mok Chung Kwan, Stephen

Joint Company Secretary

Mr. Mok Chung Kwan, Stephen, aged 53, is a solicitor as defined in the Legal Practitioners Ordinance and currently a partner of Eversheds Sutherland. 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, Liu Haixia and Guan Tiangang resigned respectively on 16 March 2018.

(2) Biographies of the Directors, supervisors and senior management who resigned before the date of this report, are as follows:

Liu Haixia: Aged 56, a senior engineer with a postgraduate degree. He had been the Non-executive Director of the Company. Mr. Liu ceased to be the Non-executive Director of the Company since 16 March 2018 due to work adjustment. 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: Aged 50, a senior engineer with a master degree. She had been the Non-executive Director of the Company. Ms. Guan ceased to be the Non-executive Director of the Company since 16 March 2018 due to work adjustment. Ms. Guan has long been engaged in the work of power investment and operation management, and has extensive knowledge and practical experience in management of power investment and finance and management of electricity safety production.

The resignations of the abovementioned Directors, supervisors and senior management were all complied with the Listing Rules and the relevant procedures and regulations of the Hong Kong 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 2017, the Company conducted active and sincere communication with investors and analysts by various channels including results presentations, domestic and overseas roadshows, reverse roadshow, investor forums, company visits and telephone conferences as well as through answering enquiry phone calls and replying to emails, of which, the Company met 456 analysts and fund managers through results presentations, domestic and overseas roadshows and reverse roadshow, 268 analysts and fund managers at investor forums, and 572 analysts and fund managers through company visits and telephone conferences.

Major investor relations activities conducted in 2017

Time	Information on investor relations activities	Speaker at the conference	Number of one-to-one or one-to-many meetings	Number of people met
March	Annual Results Presentation	Yes	–	135
	Annual Results Hong Kong Roadshow	No	11	29
April	Great Wall Securities Strategy Conference In Spring	No	4	15
	Company's First Quarter Results Telephone Conference	No	–	100
May	4th HSBC China Conference	No	9	31
	CLSA China Investment Forum	No	13	36
	Guotai Junan Interim Investment Strategic Conference	No	6	21
June	6th Morgan Stanley China Industries Summit	No	9	26
	JP Morgan China Investors Forum	No	11	33
July	Shenwan Hongyuan Interim Investment Strategic Conference	No	7	35
August	Company's Interim Results Domestic Presentation	Yes	–	40
	Company's Interim Results Overseas Presentation	Yes	–	116
	Company's Interim Results Domestic Roadshow	No	2	13
	Company's Interim Results Roadshow in Hong Kong	No	8	23
September	UBS Securities China A-Shares Conference	No	5	13
October	Third Quarter Report Telephone Conference	Yes	–	90
November	Credit Suisse 2017 China Investment Forum	No	9	21
	12th Citi China Investor Conference	No	7	23
	Bank of America Merrill Lynch China Investment Summit	No	5	13
	Shenwan Hongyuan Annual Investment Strategic Conference	No	3	17
December	Western Securities Annual Investment Strategic Conference	No	3	15

1. What is the Company's view on the trend of nationwide power supply and demand in 2018?

I. The national economy will remain stable with good momentum for growth: After the 19th CPC National Congress, leveraging the favorable factors such as sufficient energy for structural improvement of economic growth, maintained strong consumption, rapid-developed urbanization and new economic momentum in acceleration phase, the economy of 2018 will be more resilient with a steady momentum for domestic economy growth. It is expected that GDP growth rate will continue to maintain at around 6.5%.

II. It is expected that newly-installed capacity nationwide will be 120 million kW, with a further increase in the proportion of installed capacity of non-fossil fuel energy. It is expected that the national newly-installed capacity will increase by approximately 120 million kW, of which the additional non-fossil fuel power installed will be approximately 70 million kW. It is expected that the national power installed capacity will reach 1.90 billion kW by the end of 2018, of which non-fossil fuel energy power generation will reach 0.76 billion kW, accounting for an increase by approximately 40% of the total installed capacity. It is expected that the installed capacity of coal power will reach 1.02 billion kW, representing 53.6% of the national installed capacity, which is 1.5 percentage points lower than that at the end of 2017.

III. The total power consumption of the whole society will maintain a stable and rapid growth, with further adjustment and optimisation in consumption structure. Taking into full consideration of the macro economy, development trend of service industry and residential electricity consumption, air pollution control, electric power replacement and other factors, it is expected that the power consumption in 2018 will continue the stable and rapid growth in 2017. In light of the large amount in 2017, in the circumstance with moderate precipitation or runoff and without extreme temperature in a large area, it is expected that the power consumption of the whole society for the year 2018 will increase by approximately 5.5%.

IV. The supply and demand of electricity of China will be on ease in general with abundant surplus in some regions, while the power supply during the peak hours of electricity consumption in certain regions will remain tight. In terms of regions, it is expected that the electricity supply capacity in northeast and northwestern regions will be fairly abundant; the supply and demand of electricity in East China and Central China regions will remain in a general balance, of which a few provinces will meet tight supply and demand of electricity during the peak hours of summer and winter; the supply and demand of electricity in North China region will remain in a general balance, where there will be tight supply and demand in South Hebei; the supply and demand of electricity in southern regions will remain in a general balance, but the balanced difference between provincial power grids will be more prominent.

2. What are the Company's utilisation hours in each type of energy on full operational basis in 2017?

Type/Item of Energy	Utilisation hours	Over the corresponding period last year (hour)
Full operational basis	4,334	334
Coal-fired	4,655	483
Including: coal-fired generator	4,816	558
combustion engine	2,819	-416
Hydropower	3,512	-207
Wind power	2,269	230
Photovoltaic	1,652	-2

3. What progress did the Company make in obtaining approval for its projects and project operation in 2017?

For the year of 2017, the Company has obtained official approvals for projects with a total capacity of 1,102.0MW, including wind power projects with a total capacity of 1,029.8MW, photovoltaic projects with a total capacity of 72.2MW. Details were as follows:

Wind power projects: Datang International Jiangxi Wumeishan wind power project (100MW), Datang International Inner Mongolia Xianghuangqi wind power project (150MW), Datang International Inner Mongolia Sunitezuoqi wind power project (150MW), Datang International Guangning Zhaoqing Zhouzai wind power project (99.8MW), Datang International Qinghai Dulan wind power project (50MW), Datang International Qinghai Dachaidan wind power project (50MW), Datang International Guangdong Lechang Yunsha wind power project (100MW), Datang International Guangdong Shixing wind power project (80MW), Datang Liaoning Wafangdian wind power project (100MW), and Ningxia Datang Interational Xinzhuangjixiang wind power project (150MW).

Photovoltaic projects: Datang Hainan Experimental Zone Fuli Ocean Happy World distributed photovoltaic project (6.7MW), Datang International Zhejiang Wushashan Power Generation Company Limited factory area photovoltaic project (40.5MW), Datang International Tuoketuo Gaobaoshi dust yard treatment photovoltaic project (20MW), and Lvsigang photovoltaic power generation project (5MW).

The installed capacity of the Company for the year of 2017 increased by 3,695.5MW in total, among which, thermal power projects increased by 684MW, hydropower projects increased by 2,805MW, wind power projects increased by 126.5MW, photovoltaic projects increased by 80MW. Details are as follows:

Thermal power projects: No.10 unit of Inner Mongolia Datang International Tuoketuo No. 2 Power Generation Company Limited (660MW), No. 1 and 2 units of Jiangsu Datang International Rugao Thermal Power Company Limited (2*12MW).

Hydropower projects: No. 1, 2, 3 and 4 units in Changheba plant of Sichuan Datang International Ganzi Hydropower Development Company Limited (四川大唐國際甘孜水電開發有限公司長河壩) (4*650MW), No. 1, 2 and 3 units in Haokou Hydropower project of Chongqing Yuhao Hydropower Development Company Limited (重慶渝浩水電開發有限公司浩口) (2*62.5MW + 1*10MW), No. 1 and 2 units in Jiaomutang Hydropower station of Guizhou Datang International Daozhen Hydropower Development Company Limited (貴州大唐國際道真水電開發有限公司角木塘) (2*35MW).

Wind power projects: Jiangxi Datang International Renewable Power Company Limited Shitoushan Wind Power Phase I (32.5 MW), Luanluozhang Wind Power Phase I (66 MW), Zhejiang Datang International Pinghu Wind Power Company Limited Pinghu Wind Power Phase I (28MW).

Photovoltaic power projects: Qinghai Datang International Renewable Power Company Limited Golmud photovoltaic power Phase IV and V (2*10MW), Yunnan Datang International Binchuan Renewable Power Company Limited Dongjiadi photovoltaic power (40MW), Liaoning Datang International Fuxin Wind Power Company Limited Fumeng Liangbei photovoltaic power (20MW).

4. What are the Company's performance of capital expenditure for 2017 and capital expenditure plans and structures for 2018?

The capital expenditure on a consolidated basis actually incurred in 2017 was approximately RMB12,042 million, and the capital expenditure on a consolidated basis to be incurred in 2018 is expected to be approximately RMB12,700 million. Details of the structure are set out in the table below.

Table of the plan on capital expenditure of the Company in 2017-2018 (RMB'00 million)

Investment Sector/Time	Completed investment in 2017	Investment plan for 2018
Total of the Company	120.42	127
Coal-fired power	71.16	61.65
Including: coal-fired generator	56.66	36.19
combustion engine	14.5	25.46
Hydropower	26.08	9.86
Wind power	13.11	50.11
Photovoltaic power	6.53	2.15
Others	3.53	3.24

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.

Compliance with the Corporate Governance Code

In 2017, 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 Corporate Governance Code (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 2017 to 31 December 2017 (the "Year"), 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 that existed were the expressions or sequence between such terms of reference and the aforesaid 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 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") in Hong Kong, 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 six general meetings, considering and approving 12 ordinary resolutions and 10 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 2017 mainly included 2016 work reports of the Board (Supervisory Committee) of the Company, final accounts, finance guarantees, major connected transactions, issuance of new shares, profit distribution and amendment to the Articles of Association.

As of the year end of 2017, the implementation of the resolutions in the general meetings are as follows:

1. Non-public issuance of shares: The Company received the approvals from the CSRC in respect of the non-public issuance of H shares and A shares in September 2017 and March 2018, respectively. The Company completed the H-Share issuance on 19 March 2018, with 2,794,943,820 H shares being issued and approximately HK$6,222 million of gross proceeds being raised therefrom; and completed the A-Share issuance on 23 March 2018, with 2,401,729,106 A shares being issued and approximately RMB8,334 million of gross proceeds being raised therefrom.

2. Making up of the accumulative losses of the parent company in 2016 with RMB9,015 million of discretionary common reserve fund.

3. Finance guarantees: Provision of guarantees, amounting to RMB200 million, to certain subsidiaries controlled or invested by the Company based on its actual needs for the construction of projects;

4. 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 2017;

5. Signing of the Agreement on Connected Transactions of Purchase, Sales and Transportation of Coal for approximately RMB27 billion;

6. Amendment to the Articles of Association by incorporating the Party building work into it;

7. Completion of the merger of Liaoning Datang International Wafangdian Thermal Power Company Limited, a wholly-owned subsidiary, by the Company.

For details about the resolutions passed at general meetings for the year 2017, 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 offering 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 above-mentioned undertakings in June 2014, May 2015 and September 2015, respectively. As at 31 December 2017, 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. The matter in relation to the "Connected Transactions and Acquisition of 100% Equity Interests of Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd. in Cash", respectively was considered and approved at the 2018 first extraordinary general meeting of the Company convened on 16 March 2018 so that CDC further performed the relevant undertakings. It is expected that the completion of the above transaction will take place in April 2018.

For the year 2017, 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 2017, 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 fifteen members, including five Independent Non-executive Directors (the "**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), Liu Chuandong, Wang Xin (Vice Chairman), Liang Yongpan, Ying Xuejun, Zhu Shaowen, Cao Xin, Zhao Xianguo, Zhang Ping, Jin Shengxiang, *Liu Jizhen, *Feng Genfu, *Luo Zhongwei, *Liu Huangsong, *Jiang Fuxiu

(* Independent Directors)

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.

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, the Audit Committee, the 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 all Independent Directors. In particular, Independent Directors make up a majority in the Nomination Committee, the 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 13 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" of the Company. 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) the 2016 work report of the Board and work report of President of the Company;

   (2) the 2016 Results Announcement, 2017 First Quarterly, Interim and Third Quarterly Results Announcement of the Company;

   (3) the 2016 final accounting report, 2016 annual plan for making up losses, and 2017 annual budget plan of the Company;

   (4) the 2016 internal control evaluation and internal control audit report of the Company and 2016 Social Responsibility Report of the Company.

2. Consideration of matters related to capital operation and investment of the Company, which primarily include:

   (1) non-public issuance of A shares and H shares by the Company;

   (2) establishment of Datang Beijing-Tianjin-Hebei Energy Marketing Company Limited, Beijing Tongzhou Electricity-selling Company Limited, Hainan Datang International Lingshui Clean Energy Company Limited, Liaoning Datang Energy Marketing Company Limited, and Jiangxi Datang Energy Marketing Company Limited through investment; establishment of China Datang Corporation Hong Kong Company Limited through equity participation; investment and construction of Liaoning Datang International Huludao Thermal Power Plant Auxiliary Thermal Power Grid Engineering, Fujian Pingtan Changjiang'ao Offshore Wind Power Generation Project, and Fengrun Thermal Power Industrial Gas Supply Pipeline Network Project; capital contribution to Jiangxi Datang International Renewable Energy Company Limited, Qinghai Datang International Renewable Energy Company Limited, Guangdong Datang International Renewable Energy Company Limited and China Datang Corporation Nuclear Power Company Limited;

   (3) acquisition of 100% equity interests of Datang Heilongjiang Power Generation Co., Ltd., 100% equity interests of Datang Anhui Power Generation Co., Ltd., 100% equity interests of Datang Hebei Power Generation Co., Ltd., and the head station of heat supply of Linfenhexi Thermal Power Company Limited;

   (4) the transfer of 100% equity interests of Chongqing Yuneng Yangzi Electric Power Company Limited held by Yuneng (Group) Company Limited and the 500kV outgoing lines assets of Guangdong Datang International Chaozhou Power Generation Co., Ltd.;

   (5) merger of Liaoning Datang International Wafangdian Thermal Power Company Limited by Datang Power, merger by Yunnan Datang International Electric Power Company Limited, of its wholly-owned subsidiary, Yunnan Datang International Renewable Energy Company Limited, merger by Yuneng (Group) Company Limited, of its wholly-owned subsidiary, Chongqing Tuoyuan Industry Co., Ltd., merger of Chongqing Yadongya Group Software Company Limited by Chongqing Keyuan Energy Technology Development Company Limited, and merger of Ningxia Datang International Qingtongxia Photovoltaic Company Limited by Ningxia Datang International Qingtongxia Wind Power Company Limited.

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.

4. Consideration of matters related to financial changes:

   (1) provision for bad debts for certain enterprises;

   (2) changes in accounting estimates in relation to power generation and heating equipment of gas-fired power plants and coal-fired power plants.

5. Consideration of connected transactions:

   (1) confirmation of 2016 connected transactions of the Company;

   (2) carrying out businesses including technical supervision and technical services, technological transformation projects, infrastructure EPC, BOT projects, coal supply and transportation, substitutive power generation, franchising of desulfurisation and denitrification and EMC between the Company and related parties;

   (3) signing of the comprehensive products and services framework agreement for the year 2018 with CDC, etc.

6. Changes in the composition of the Board, the Supervisory Committee and the management:

   (1) Jin Shengxiang and Zhang Ping assumed the position of the Directors of the Company while Liu Haixia and Guan Tiangang no longer assumed the position of the same;

   (2) Liu Jizhen, a Director, served as a member of the Strategic Development and Risk Control Committee, and Feng Genfu, a Director, no longer served as a member of the Strategic Development and Risk Control Committee, and served as the chairman of the Remuneration and Appraisal Committee as well as the Nomination Committee;

   (3) appointed Duan Zhongmin and Ying Xuejun as vice presidents of the Company, and Li Zengfang as the chief accountant, while 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 2017:

   (1) engaged Ruihua Certified Public Accountants (Special General Partnership) and RSM Hong Kong as auditors of financial report for the year 2017 of the Company;

   (2) engaged Ruihua Certified Public Accountants (Special General Partnership) as auditor of internal controls for the year 2017 of the Company.

8. Revision of rules and regulations

   (1) amendment to the Articles of Association by incorporating the Party building work into it;

   (2) amendment to the Management System for Connected Transactions of the Company.

The Board of the Company reviewed the 2017 Internal Control Evaluation Report and confirmed that the existing internal control management system of the Company was in compliance with the requirements of relevant state laws and regulations and regulatory authorities. The Board confirmed that there were no non-operational funds of the listed companies utilised by substantial shareholders and other related parties.

For the year 2017, the Board members of the Company attended all the meetings either in person or by authorising proxies to attend the meetings on their behalf.

Thirteen Board meetings were held in 2017, of which four were on-site meetings and nine were meetings held through various ways of communication.

	Attendance at general meetings	Attendance at Board meetings	
Executive Directors	Attendance rate (%)	Attendance rate (%)	Attendance rate (in person) (%)
Wang Xin (Vice Chairman)	100	100	100
Ying Xuejun	100	100	100
Non-executive Directors	Attendance rate (%)	Attendance rate (%)	Attendance rate (in person) (%)
Chen Jinhang (Chairman)	33	100	77
Liu Chuandong	100	100	100
Liang Yongpan	83	100	85
Zhu Shaowen	100	100	92
Cao Xin	100	100	100
Zhao Xianguo	100	100	100
Liu Haixia*	50	100	100
Guan Tiangang*	83	100	92
Zhang Ping*	—	—	—
Jin Shengxiang*	—	—	—
Independent Non-executive Directors	Attendance rate (%)	Attendance rate (%)	Attendance rate (in person) (%)
Liu Jizhen	17	100	85
Feng Genfu	100	100	100
Luo Zhongwei	100	100	100
Liu Huangsong	33	100	92
Jiang Fuxiu	50	100	100

* Mr. Zhang Ping and Mr. Jin Shengxiang were appointed as the Directors of the Company as approved at the general meeting, with effect from 16 March 2018;

* Mr. Liu Haixia and Ms. Guan Tiangang no longer assumed the position of the Directors of the Company as approved at the general meeting, with effect from 16 March 2018.

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 are in compliance with the requirements of the laws and regulations in the PRC. Supervisory Committee members shall exercise their supervisory duties as mandated by the laws, regulations, the Articles of Association and the rights granted by the general meeting, and shall be accountable to the general meeting in order to ensure that the shareholders' rights, the Company's interests and the staff's lawful interests are not violated. During the reporting period, the Supervisory Committee held 9 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' representatives	Attendance rate (%)	Attendance rate (in person) (%)
Zhang Xiaoxu (Vice-Chairman of the Supervisory Committee)	100	100
Liu Quancheng	100	78
Employees' representatives	**Attendance rate (%)**	**Attendance rate (in person) (%)**
Yu Meiping (Chairman of the Supervisory Committee)	100	100
Guo Hong	100	100

4. Non-executive Directors and Independent Directors

The Company has a total of thirteen Non-executive Directors, of whom five 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 re-appointment upon the expiry of their terms of service. Any new Director shall take office only after being elected and approved at a general meeting. The consecutive term of service of each of the Independent Non-executive Directors (i.e. Independent Directors) shall not exceed six 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 system contains 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 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 by 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 2017 Annual Report, the Independent Directors played an active role in the Company as they supervised and inspected carefully details of the Company's annual production and operations which are 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 of their responsibility as Independent Directors.

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. 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 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 fulfill 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 irregularly provide the Directors with written 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 fulfill their duties as required by laws and regulations, and to discharge related duties accordingly. Directors will be invited to conduct on-site 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 2017 are set out below:

Director	Position	Type of Training Participated	Training Type
Chen Jinhang	Chairman	A, B, C, D	A. Training provided by regulators/counsels
Liu Chuandong	Director	A, B, C, D	B. Attending seminars/forums
Wang Xin	Vice Chairman	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
Ying Xuejun	Director	A, B, C, D	
Liang Yongpan	Director	A, B, C, D	D. Conducting on-site inspections on the Company's business
Zhu Shaowen	Director	A, B, C, D	
Cao Xin	Director	A, B, C, D	
Zhao Xianguo	Director	A, B, C, D	
* Liu Haixia	Director	A, B, C, D	
* Guan Tiangang	Director	A, B, C, D	
Liu Jizhen	Independent Director	A, B, C, D	
Feng Genfu	Independent Director	A, B, C, D	
Luo Zhongwei	Independent Director	A, B, C, D	
Liu Huangsong	Independent Director	A, B, C, D	
Jiang Fuxiu	Independent Director	A, B, C, D	

* Due to the work adjustment, as considered and approved at general meeting of the Company, Mr. Liu Haixia and Ms. Guan Tiangang no longer served as the directors of the Company, with effect from 16 March 2018.

Remuneration of directors, supervisors and senior management

As of 31 December 2017, the annual remuneration of the Company's senior management (excluding Directors and Supervisors) by band are as follows:

RMB0 to RMB300,000	1 person
RMB300,001 to RMB600,000	1 person
RMB600,001 and above	2 persons

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

Details of remuneration of Directors, Supervisors and senior management in 2017 are set out in Note 14 to the Consolidated Financial Statements from page 161 to page 163.

Duties and operation of specialised committees under the Board

1. Strategic Development and Risk Control Committee

(1) Composition: The Board has established a Strategic Development and Risk Control Committee, which currently 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, Zhang Ping, Cao Xin, Zhu Shaowen

(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:

(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 the 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 2017, two meetings were held to consider the Accomplishment of the Development Plan for the Year 2016 of Datang International and its Work Plan for the Year 2017, and the matter regarding the Connected Transactions and Acquisition of 100% Equity Interests of Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd. in Cash, respectively.

Committee Members	Attendance rate (%)
Chen Jinhang	50
* Liu Jizhen (Independent Director)	100
Luo Zhongwei (Independent Director)	100
* Feng Genfu	100
Wang Xin	50
Liang Yongpan	50
* Zhang Ping	—
* Liu Haixia	100
Cao Xin	100
Zhu Shaowen	100

* Members of the Committee were changed in 2017, among which Liu Jizhen, a Director, was selected as a member of the Strategic Development and Risk Control Committee, and Feng Genfu, a Director, no longer assumed the position of the same.

* Members of the Committee were changed in March 2018, Zhang Ping, a Director, was elected as a member of the Strategic Development and Risk Control Committee, and Mr. Liu Haixia no longer assumed the position of the same.

2. Nomination Committee

(1) Composition: The Board has established a Nomination Committee comprising five Directors, with Independent Directors making up more than half of the committee. 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:

(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 2017, at which changes to Directors and senior management 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
* Feng Genfu (Independent Director)	100
Jiang Fuxiu (Independent Director)	100
Ying Xuejun	100
Liu Huangsong (Independent Director)	100
Zhao Xianguo	100

* Members of the Committee were changed in 2017, among which Feng Genfu, a Director, was selected as a member of the Nomination Committee, and Luo Zhongwei, a Director, is no longer assumed the position of the same.

(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 has 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, in due course, recommendations on any improvement 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.

3. Audit Committee

(1) Composition: The Board has established an Audit Committee that currently comprises five Directors, among which, Independent Directors made up more than half of the Committee. 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 of 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), Jin Shengxiang, Liu Chuandong

(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:

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

(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 Audit 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 under the Board held four meetings in 2017 to review the Company's annual results, which are the 2016 Internal Control Audit Report of the Company, the 2016 Internal Control Evaluation Report of the Company, the appointment of the accounting firms for the year 2017 and the matter regarding the Connected Transactions and Acquisition of 100% Equity Interests of Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd. in Cash, respectively.

Committee Members	Attendance rate (%)
Jiang Fuxiu (Independent Director)	100
Luo Zhongwei (Independent Director)	100
Feng Genfu (Independent Director)	100
Liu Chuandong	50
* Guan Tiangang	75
* Jin Shengxiang	—

* Jin Shengxiang, a Director, was appointed as a member of the Audit Committee in March 2018. Ms. Guan Tiangang, who ceased to be a Director on 16 March 2018, also no longer served as a member of the Committee with effect from 16 March 2018.

4. Remuneration and Appraisal Committee

(1) Composition: The Board has established a Remuneration and Appraisal Committee that currently comprises five 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 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:

(i) to be accountable to the Board, and the proposals submitted by the committee will be submitted 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 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:

One meeting was held in 2017 to review the level of remuneration for the Company's Directors, Supervisors and senior management for 2016 and the plan of the level of remuneration for 2017.

Committee Members	Attendance rate (%)
* Luo Zhongwei (Independent Director)	100
Jiang Fuxiu (Independent Director)	100
* Feng Genfu (Independent Director)	0
Ying Xuejun	100
Liu Huangsong (Independent Director)	100
Zhao Xianguo	100

* Members of the Committee were changed in 2017, among which Feng Genfu, a Director, assumed the position of a member of the Remuneration and Appraisal Committee after the meeting, and Luo Zhongwei, a Director, no longer assumed the position of a chairman of the Remuneration and Appraisal Committee.

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 to 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 certain systems or documents relating to the corporate governance policies and practices. These systems or documents primarily include:

- The terms of reference of the Board
- Rules of proceedings for the Board, the 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 the President
- 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 under 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 "2017 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.

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 operation 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 Internal Control of Enterprises", 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 Internal Control of Enterprises" and considered that it was effective as of 31 December 2017 (being the benchmark date).

1. Establishment of Internal Control System

In 2017, 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, the internal control system is optimized, while the internal control duties are clearer. First, we improved the system by completing amendments including amendments to "Administrative Measures on Risk and Internal Control of Datang International", "Administrative Measures on Risk Assessment and Internal Control Evaluation of Datang International" and "Risk Assessment and Internal Control Evaluation Manual" of headquarters and its subsidiaries, while ensuring a sound system, the effective content and smooth procedures of internal control and risk management. Second, we standardized procedures by preparing internal control standards for hydropower, thermal power and wind power enterprises of Datang International through extensive research, in-depth study and careful design, so as to effectively guide the entire system to carry out the subsequent amendments to internal control management manual. The all levels in the affiliated enterprises updated their internal control management manual based on changes in internal and external situations, focusing on optimizing business procedures, teasing out and improving in control points. Third, we reinforced the appraisal by completing the amendments to "Monthly Appraisal Rules to the Risk Events of Headquarters", and 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 2018, the Company will keep improving various internal control systems and strengthening internal control management to advance the level of internal control work on an ongoing concern. Firstly, the Company will further optimise internal control system with reference to both internal and external environments and risk changes; secondly, the Company will enhance the learning and training of internal control and put efforts on the implementation of responsibilities to ensure the effective operation of internal control system; thirdly, the Company will maintain the assessment of internal control effectiveness to identify any defects in internal control system, and if any, strengthen the rectification of the defects, so as to improve the closed-loop mechanism of internal control evaluation.

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 organisation 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 on 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 comprehensive risk management according to the strategic objective and control requirements. The risk management department of the Company organises the headquarters and affiliated enterprises of the Company to conduct annual risk assessment, internal control evaluation and internal control audit, report to the Board on the internal control evaluation and internal control 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》), 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 for risk assessment of the Company consist of: target setting, information collection and risk identification, risk analysis, response to risk, risk monitoring and reporting.

All 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 their 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 achievement of 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 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 internal control evaluation of the affiliated enterprises. The procedures for reviewing the effectiveness of the risk management and internal control system of the Company consist of:

Preparation Phase

- The risk management departments of the Company prepare the annual work proposal for overall risk assessment and internal control evaluation, while the affiliated enterprises prepare the annual work proposal for self-assessment and self-evaluation. The work proposals shall set out the objectives of assessment and evaluation, the basis of implementation, the scope of work, the work plan, the work procedures, measures for assurance and other relevant content.

Implementation Phase

- An assessment and evaluation working group is established to conduct on-site assessment and evaluation. On-site assessment and evaluation mainly involve understanding the control environment of the Company, carrying out the risk assessment, conducting the effectiveness test on the design and operation of internal control system, summarising and evaluating the defects in the internal control system, identifying such defects, and concluding the significant risks in the Company and whether the internal control system is effective.

Rectification Phase and Reporting Phase

- The rectification principles, division of responsibilities, accountability, follow-up and reporting are determined. The affiliated enterprises prepare and submit the risk assessment and internal control evaluation report, and the Company prepared a comprehensive risk management report of the Group.

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 standardise 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 has 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 minimised 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.

Responsibility of Directors and Auditors for Preparation and Reporting of Financial Statements

The Directors acknowledge their responsibility for preparing the Company's financial statements and ensuring that the preparation of the Company's financial statements complies with the relevant laws and applicable accounting standards.

The statement of the auditor in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 105 to 110.

Company's Auditors

In 2017, the Company engaged Ruihua Certified Public Accountants (Special General Partnership) 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 2017, the fee payable by the Company to Ruihua Certified Public Accountants (Special General Partnership) and RSM Hong Kong for the provision of audit service amounted to RMB13.98 million. No fee was paid by the Company in respect of non-statutory audit services. RMB1.80 million was paid by the Company as internal audit fees. No fee was paid by the Company in respect of non-audit services.

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;

(2) the 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 the 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.

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;

(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) to access the Company's relevant information timely and efficiently.

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 address, fax number or email address 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

Amendments to the Articles of Association

In 2017, the Articles of Association was amended by clarifying the statutory position of the Party organisation within the corporate governance structure.

The directors are pleased to present the audited results of the Company for the year ended 31 December 2017.

Company results

During the Year, operating revenue from continuing operations of the Group was approximately RMB64,608 million, representing an increase of approximately 12.77% as compared to the Previous Year. Profit before tax from continuing operations amounted to RMB3,324 million, representing a decrease of approximately 60.62% as compared to the Previous Year. Basic earnings per share from continuing operations attributable to equity holders of the Company amounted to approximately RMB0.1283, while the basic earnings per share from continuing operations attributable to equity holders of the Company for the year 2016 amounted to approximately RMB0.2458. Net profit attributable to equity holders of the Company amounted to approximately RMB1,708 million, while the net loss attributable to equity holders of the Company for the year 2016 amounted to approximately RMB2,754 million. Please refer to the "Management Discussion and Analysis" section for details of the Company's results.

The Board recommended the distribution of cash dividend for 2017 of RMB0.09 per share (tax inclusive), and such distribution of dividend is subject to the consideration and approval by the shareholders of the Company at the forthcoming general meeting of the Company.

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 issuance of A shares in March 2010, with newly issued A shares of 530,000,000 shares. Further, the Company had non-public issuance of A shares in May 2011, with newly-issued A shares of 1,000,000,000 shares. The Company completed the non-public issuance of A shares and H shares in March 2018, with newly issued A shares and H shares of 2,401,729,106 shares and 2,794,943,820 shares, respectively. Due to above-mentioned changes, as at the date of this annual report (i.e. 29 March 2018), the total number of shares of the Company was 18,506,710,504 shares. Apart from that, the Company did not issue any new shares.

Performance of the Company's A shares and H shares during 2017 (No adjustment)

Performance of the Company's H shares during 2017:

Closing price of H shares as at 31 December 2017	HK$2.31 per share
Highest trading price between 1 January and 31 December 2017	HK$2.97 per share
Lowest trading price between 1 January and 31 December 2017	HK$1.99 per share
Total number of trading between 1 January and 31 December 2017	4.595 billion shares

Performance of the Company's A shares during 2017:

Closing price of A shares as at 31 December 2017	RMB4.15 per share
Highest trading price between 1 January and 31 December 2017	RMB5.35 per share
Lowest trading price between 1 January and 31 December 2017	RMB3.71 per share
Total number of trading between 1 January and 31 December 2017	7.412 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 29 March 2018, and as at 31 December 2017, 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 2017 are set out in the Consolidated Statement of Profit or Loss on page 111 to page 112. The financial position of the Company and its subsidiaries as at 31 December 2017 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 2017 are set out in the Statement of 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 2017.

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 2017, 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 attributable to the Company's suppliers and customers for the Year are as follows:

	2017	2016
Purchases		
The largest supplier	13.76%	10.68%
Top five suppliers	48.12%	32.92%
Sales		
The largest customer	24.03%	23.40%
Top five customers	54.17%	54.13%

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 48 to the Financial Statements from page 224 to page 242, Note 23 to the Financial Statements from page 184 to page 186 and Note 22 to the Financial Statements from page 174 to page 184 respectively.

Dividend and earnings per share

The Board recommended the distribution of cash dividend for 2017 of RMB0.09 per share (tax inclusive).

Details of dividends and gains/(loss) per share are set out in Notes 17 and 18 to the Financial Statements on page 166 and page 167.

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.

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 Financial Statements on page 196, among which distributable reserves attributable to the shareholders amounted to approximately RMB10.604 billion.

Property, plant and equipment

Details of movements in property, plant and equipment during the Year are set out in Note 19 to the Financial Statements from page 168 to page 170.

Donation

During the Year, the Company and its subsidiaries have made charitable and relief donations of approximately RMB5,390,000.

Share capital

As at 31 December 2017, 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 on page 193.

In order to raise additional funds for optimising the capital structure of the Company and enhancing its core competitiveness of power generation, the Company proposed the non-public issuance of A share and H shares, which was considered and approved by way of poll at the extraordinary general meeting and class meetings of the Company on 31 March 2017.

The Company completed the non-public issuance of H shares on 19 March 2018, with issuance of 2,794,943,820 H shares, and completed the non-public issuance of A shares on 23 March 2018, with issuance of 2,401,729,106 A shares. As at the date of this annual report (i.e. 29 March 2018), the total number of shares in issue of the Company was 18,506,710,504 shares, divided into 12,396,089,106 A shares and 6,110,621,398 H shares, with a nominal value of RMB1.00 each.

Share capital structure

As at 31 December 2017, total number of shares of the Company was 13,310,037,578 shares. The Company's shareholders were China Datang Corporation Ltd. ("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 total share capital of the Company.

As at 31 March 2017, the controlled subsidiary of CDC, China Datang Overseas (Hong Kong) Company Limited, held 480,680,000 H shares; CDC, and its parties acting in concert, increased their shareholding by 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.

The Company completed the non-public issuance of H shares on 19 March 2018, with issuance of 2,794,943,820 H shares, which was subscribed by China Datang Overseas (Hong Kong) Company Limited in cash at HK$2.226 per H-share subscription share, raising gross proceeds of approximately HK$6,222 million. The Company completed the non-public issuance of A shares on 23 March 2018, with issuance of 2,401,729,106 A shares, which was subscribed by CDC in cash at RMB3.47 per A-share subscription share, raising gross proceeds of approximately RMB8,334 million.

As at the date of this annual report (i.e. 29 March 2018), the total number of shares in issue of the Company was 18,506,710,504 shares. 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 6,540,706,520 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 6,110,621,398 H shares, respectively, representing 35.34%, 7.00%, 6.93%, 6.81%, 10.90% and 33.02%, respectively, of the total share capital of the Company.

As at the date of this annual report, the controlled subsidiary of CDC, China Datang Overseas (Hong Kong) Company Limited, increased its shareholding from 2,794,943,820 H shares to 3,275,623,820 H shares; CDC and its parties acting in concert increased their shareholding from 2,401,729,106 A shares to 6,549,445,120 A shares of the Company on 23 March 2018, and therefore CDC and its subsidiaries held a total of 9,825,068,940 shares in the Company, representing 53.09% of the total share capital of the Company.

Number of shareholders

Details of the shareholders as recorded in the register of members of the Company as at 31 December 2017 were as follows:

Total number of shareholders	211,287
Holders of domestic shares	210,755
Holders of H shares	532

Substantial shareholders of the Company

So far as the Directors of the Company are aware, as at 31 December 2017, the interests or short positions of the persons (other than Directors, Supervisors or chief executive of the Company) 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) (the "SFO"), 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 (Note 1)	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 (Note 2)	A shares	1,296,012,600	9.74	12.97	/
Hebei Construction & Investment Group Co., Ltd. (Note 3)	A shares	1,281,872,927	9.63	12.83	/
Beijing Energy Investment Holding Co., Ltd. (Note 4)	A shares	1,260,988,672	9.47	12.62	/
JPMorgan Chase & Co.	H shares	165,830,061 (L)	1.25	/	5.00
		3,304,000 (S)	0.02	/	0.09
		14,404,000 (P)	0.10	/	0.43

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

Notes:

(1) Mr. Chen Jinhang, Mr. Liu Chuandong and Mr. Liang Yongpan, all non-executive Directors, are employees of CDC.

(2) Mr. Zhu Shaowen, a non-executive Director, is currently an employee of Tianjin Energy Investment Group Limited, the de facto controller of Tianjin Jinneng Investment Company.

(3) Mr. Cao Xin and Mr. Zhao Xiangguo, both non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.

(4) Mr. Liu Haixia and Ms. Guan Tiangang, who were both non-executive Directors until their resignation on 16 March 2018, are employees of Beijing Energy Investment Holding Company Limited.

The Company completed the non-public issuance of H shares on 19 March 2018, with issuance of 2,794,943,820 H shares, which was subscribed by China Datang Overseas (Hong Kong) Company Limited in cash. It completed the non-public issuance of A shares on 23 March 2018, with issuance of 2,401,729,106 A shares, which was subscribed by CDC in cash.

As at the date of this annual report (i.e. 29 March 2018), 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 SFO (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 (Note 1a)	A shares	6,540,706,520	35.34	52.76	/
	A shares	8,738,600	0.05	0.07	/
	H shares	3,275,623,820 (L)	17.70 (L)	/	53.61 (L)
Tianjin Jinneng Investment Company (Note 2a)	A shares	1,296,012,600	7.00	10.46	/
Hebei Construction & Investment Group Co., Ltd. (Note 3a)	A shares	1,281,872,927	6.93	10.34	/
Beijing Energy Investment Holding Co., Ltd. (Note 4a)	A shares	1,260,988,672	6.81	10.17	/

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

Notes:

(1a) Mr. Chen Jinhang, Mr. Liu Chuandong and Mr. Liang Yongpan, all non-executive Directors, are employees of CDC.

(2a) Mr. Zhu Shaowen, a non-executive Director, is currently an employee of Tianjin Energy Investment Group Limited, the de facto controller of Tianjin Jinneng Investment Company.

(3a) Mr. Cao Xin and Mr. Zhao Xianguo, both non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.

(4a) Mr. Zhang Ping and Mr. Jin Shengxiang, who were appointed as the non-executive Directors on 16 March 2018, is an employee of Beijing Energy Investment Holding Company Limited.

Interests of Directors, supervisors and chief executive in shares, underlying shares and debentures

As of 31 December 2017, save as disclosed below, so far as is known to the Board, 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 the SFO (Chapter 571 of the Law of Hong Kong)) 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").

Name of Director	Class of Share	Capacity/ Nature of Interest	No. of A-shares Held	Approximate Percentage of the Issued Share Capital of the Company
Mr. Liu Jizhen	A Shares	Beneficial interest	9,100 (L)	0.000068% (L)

(L) = Long Position

Change in Directors', supervisors' and chief executive's information

Name of Director	Details of change
Mr. Liu Jizhen	He has served as an independent non-executive director of Huaneng Power International Inc. (600011.SH, 00902.HK) (華能國際電力股份有限公司) since June 2017

Directors' and supervisors' service contracts

As at 31 December 2017, the Company has not entered into any service contracts with its Directors and supervisors. 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 section headed "Human Resources Overview" of this annual report 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 transaction, arrangements or 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 or their respective connected entities had a material interest, either directly or indirectly, were entered into within the settlement date of the Year or any time during the Year or 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 holding company, its subsidiaries or the other subsidiaries of its holding company at any time during the Year for any Director or supervisor to acquire benefits by means of the acquisition of any shares in or debentures of the Company or any of its subsidiaries or any other body corporate.

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 their respective subsidiaries.

Equity-linked agreement

The Company did not enter into any equity-linked agreement for the year ended 31 December 2017.

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 conducted appraisal in accordance with the appraisal management method of "overall accountability management and all-staff performance 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 15(c) to the Financial Statements from page 161 to page 164.

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 41, Note 35 and Note 42 and Note 36 to the Financial Statements from page 210 to page 211, page 199 to page 202, page 211 and page 203, respectively, there were no other loans of the Company and its subsidiaries as at 31 December 2017.

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.

Connected Transactions

During the Year, the Company or its subsidiaries carried out the following material 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 materials	779,803
2	Datang Environment Industry Group Co., Ltd.	Electricity fee of desulfurisation and denitrification	1,536,382
3	Datang Environment Industry Group Co., Ltd.	Material fee of desulfurisation and denitrification	304,809
4	Jiangsu Xutang Power Generation Co., Ltd.	Revenue from sales of substitutive power generation	147,154
5	China Datang Group Finance Co., Ltd.	Interest income	66,260
6	China Datang Group Finance Co., Ltd.	Interest expense	202,841
7	Beijing Datang Fuel Co., Ltd.	Fuel purchase	9,930,533
8	Inner Mongolia Datang Fuel Co., Ltd.	Fuel purchase	4,735,517
9	Chaozhou Datang Fuel Company Limited	Fuel purchase	323,971
10	Chaozhou Datang Fuel Company Limited (to Datang International (Hong Kong) Limited)	Fuel purchase	92,217
11	Guangdong Datang International Chaozhou Power Generation Company Limited (to Datang International (Hong Kong) Limited)	Fuel purchase	600,345
12	Jiangsu Datang International Lvsigang Power Generation Company Limited (to Jiangsu Datang Shipping Company Limited)	Service fee of coal transportation	83,717
13	Guangdong Datang International Chaozhou Power Generation Company Limited (to Jiangsu Datang Shipping Company Limited)	Service fee of coal transportation	110,289
14	Datang Electric Power Fuel Company Limited	Fuel purchase	218,699
15	Datang Finance Leasing Company Limited	Financial lease	35,000
16	Shanghai Datang Financial Lease Co., Ltd.	Financial lease	733,591

No.	Connected Party	Major Terms of Transaction	Amount
17	China Datang Corporation Science and Technology Research Institute Company Limited	Technical service	123,678
18	Beijing Datang Fuel Co., Ltd. (to Datang International (Hong Kong) Limited)	Fuel sale	1,451,825
19	Datang Shanxi Electric Power Fuel Company Limited	Fuel purchase	18,376
20	Datang Xiangtan Power Generation Company Limited	Fuel sale	30,112

For related party transactions disclosed in Note 47 to 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 2017

1. On 31 October 2012, certain power generation companies 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, respectively. 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 2017, Datang Environment Industry Company charged the consolidated amount of approximately RMB339.77 million, which comprised of approximately RMB496.70 million for desulfurization tariff and approximately RMB156.93 million for the costs incurred for desulfurisation including water, electricity and gas, respectively, which did not exceed the annual caps as set out in the Franchising Contract (RMB540 million and RMB166 million, respectively). The annual caps for the above-mentioned Franchising Contract(s) were reset in accordance with the agreement of the contracting parties on 30 October 2017. For details of the transaction, please refer to the announcements of the Company dated 10 February 2015 and 30 October 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcements.

2. On 22 January 2015, Lvsigang Power Generation Company, a controlled subsidiary of the Company, entered into the Franchising Contract with Datang Technology Industry Company, a wholly-owned subsidiary of CDC. 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. In accordance with the relevant requirements on the franchising of denitrification in the State, 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 2017, Datang Environment Industry Company received the consolidated amount of approximately RMB138.81 million as denitrification service fee, of which denitrification electricity fee was RMB144.41 million, and the fee for water, electricity and gas, etc. needed by denitrification was RMB5.60 million, not exceeding the annual caps as set out in the agreement (being RMB120.00 million (exclusive of tax) and RMB16.00 million (exclusive of tax), respectively). The annual caps for the above-mentioned Franchising Contract(s) were reset in accordance with the agreement of the contracting parties on 30 October 2017. For details of the transaction, please refer to the announcements of the Company dated 22 January 2015 and 30 October 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcements.

3. On 30 June 2015, Certain Power Plants of the Company, including Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited, a wholly-owned subsidiary of the Company, Chaozhou Power Generation Company, Hebei Datang International Wangtan Power Generation Company Limited, 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, a wholly-owned subsidiary of CDC, 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 2017, Datang Environment Industry Company received the consolidated amount of approximately RMB487.74 million as desulfurization and denitrification service fees, of which desulfurisation or denitrification electricity fee was RMB580.88 million, and the fee for water, electricity and gas, etc. needed by desulfurisation and denitrification was RMB93.15 million, not exceeding the annual caps of 2017 as set out in the Franchising Contracts (being RMB600.28 million and RMB107.59 million, respectively). The annual caps for the above-mentioned Franchising Contract(s) were reset in accordance with the agreement of the contracting parties on 30 October 2017. For details of the transaction, please refer to the announcements of the Company dated 30 June 2015 and 30 October 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcements.

4. On 30 October 2015, Certain Power Plants of the Company, including Shanxi Datang International Shentou Power Generation Company Limited (a controlled subsidiary in which the Company held 60% equity shares, "Shentou Power Company"), Tianjin Datang International Panshan Power Generation Company Limited (a controlled subsidiary in which the Company held 75% equity shares) and Zhejiang Datang Wushashan Power Generation Company Limited (a controlled subsidiary in which the Company held 51% equity shares) (collectively, "Certain Power Plants of the Company") entered into the Franchising Contracts with relevant project based branches and subsidiaries of Datang Environment Industry Company (a controlled subsidiary of CDC), 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 2017, Datang Environment Industry Company received the consolidated amount of approximately RMB265.26 million as desulfurisation and denitrification service fees, of which desulfurisation or denitrification electricity fee was RMB314.39 million, and the fee for water, electricity and gas, etc. needed by desulfurisation and denitrification was RMB49.13 million, not exceeding the annual caps of 2017 as set out in the agreement (being RMB315 million and RMB52 million, respectively). The annual caps for the above-mentioned Franchising Contracts were reset in accordance with the agreement of the contracting parties on 30 October 2017. For details of the transaction, please refer to the announcements of the Company dated 2 November 2015 and 30 October 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcements.

5. 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, Beijing, Tianjin and Tangshan 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 2017, the actual aggregate annual transaction amount incurred was RMB147.15 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.

6. On 28 December 2016, 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 RMB24,360 million with a valid term commencing from the effective date of the agreement to 31 December 2017. 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 2017, the actual aggregate annual transaction amount incurred was approximately RMB9,931 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 28 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

7. On 28 December 2016, 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 RMB7,753 million with a valid term commencing from the effective date of the agreement to 31 December 2017. 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 2017, the actual aggregate annual transaction amount incurred was approximately RMB4,736 million. All of the aforesaid 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 28 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

8. On 28 December 2016, the Company entered into the Coal Purchase and Sale Framework Agreement with Chaozhou Datang Fuel Company Limited ("Chaozhou Fuel Company"), a wholly-owned subsidiary of Beijing Datang Fuel Company. Pursuant to the agreement, the Company agreed to purchase coal from Chaozhou Fuel Company with maximum aggregate annual transaction amount of approximately RMB360 million with a valid term commencing from the effective date of the agreement to 31 December 2017. 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 2017, the actual aggregate annual transaction amount incurred was approximately RMB324 million. All of the aforesaid 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 28 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

9. On 28 December 2016, the Company entered into the Coal Purchase and Sale Framework Agreement with Inner Mongolia Datang International Xilinhaote Mining Company Limited ("Xilinhaote Mining Company"), a wholly-owned subsidiary of CDC. Pursuant to the agreement, the Company agreed to purchase coal from Xilinhaote Mining Company with maximum aggregate annual transaction amount of approximately RMB41 million with a valid term commencing from the effective date of the agreement to 31 December 2017. 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 mitigating the adverse impact of changes in the coal market on the Company and its subsidiaries. As of 31 December 2017, no relevant transaction has been carried out. 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.

10. On 28 December 2016, Jiangsu Datang Shipping Company Limited ("Shipping Company"), a wholly-owned subsidiary of the Company, entered into the Framework Agreements in relation to Transportation Service with each of Lvsigang Power Generation Company and Chaozhou Power Generation Company, respectively:

    (1) Shipping Company and Lvsigang Power Generation Company entered into the Coal Transportation Framework Agreement (Lvsigang), 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 RMB122.9 million with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual aggregate annual transaction amount incurred was RMB83.72 million.

    (2) Shipping Company and Chaozhou Power Generation Company entered into the Coal Transportation Framework Agreement (Chaozhou Fuel), 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 RMB114.1 million with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual aggregate annual transaction amount incurred was RMB110 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, all of the aforesaid 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 28 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

11. On 28 December 2016, 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 (Hong Kong–Beijing) 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 RMB2.21 billion with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual aggregate annual transaction amount incurred was approximately RMB1.452 billion. 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 (Hong Kong–Company) with the Company, pursuant to which Hong Kong Company agreed to sell coal to Lvsigang Power Generation Company and Chaozhou Power Generation Company, the subsidiaries of the Company with a maximum aggregate annual transaction amount of approximately RMB210 million and RMB630 million, respectively with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual annual transaction amount incurred was approximately RMB0 and RMB600 million, respectively. During the term of the agreement, all of the aforesaid the transaction amounts did not exceed the annual cap as set out in the agreement.

(3) Hong Kong Company entered into the Coal Purchase and Sale Framework Agreement (Hong Kong–Chaozhou) with 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 RMB290 million with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual aggregate annual transaction amount incurred was approximately RMB92.22 million. During the term of the agreement, all of the aforesaid transaction amount did not exceed the annual cap set out in the agreement.

The above transactions were primarily for leveraging 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 28 December 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

12. On 28 December 2016, Datang Electric Power Fuel Company Limited ("Datang Fuel Company"), a wholly-owned subsidiary of CDC, and Beijing Datang Fuel Company entered into the Coal Purchase and Sale Framework Agreement (Datang Fuel-Beijing), pursuant to which Datang Fuel Company agreed to sell coal to Beijing Datang Fuel Company with a maximum aggregate annual transaction amount of approximately RMB1.12 billion with a valid term commencing from the effective date of the agreement to 31 December 2017. The purpose of the transaction is primarily for fully leveraging the advantages of Beijing Datang Fuel Company in terms of procurement, 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 2017, the actual aggregate annual transaction amount incurred was approximately RMB219 million. During the term of the agreement, all of the aforesaid transaction amount did not exceed the annual cap set out in the agreement. 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.

13. On 28 December 2016, certain power generation companies of CDC and Beijing Datang Fuel Company entered into the respective Coal Purchase and Sale Framework Agreements:

    (1) Datang Anhui Power Generation Co., Ltd. ("Datang Anhui Power Generation Company") and Beijing Datang Fuel Company entered into the Coal Purchase and Sale Framework Agreement (Anhui-Beijing), pursuant to which Datang Anhui Power Generation Company agreed to purchase coal from Beijing Datang Fuel Company with a maximum aggregate annual transaction amount of approximately RMB975 million with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, no relevant transaction has been carried out.

(2) Datang Xiangtan Power Generation Co., Ltd ("Datang Xiangtan Power Generation Company") and Beijing Datang Fuel Company entered into the Coal Purchase and Sale Framework Agreement (Xiangtan-Beijing), pursuant to which Datang Xiangtan Power Generation Company agreed to purchase coal from Beijing Datang Fuel Company with a maximum aggregate annual transaction amount of approximately RMB975 million with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual aggregate annual transaction amount incurred was approximately RMB30.11 million. During the term of the agreement, all the aforesaid transaction amount did not exceed the annual cap set out in the agreement.

The purpose of the above transactions was primarily to fully leverage the 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. For details of the transactions, 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.

14. On 28 December 2016, certain power generation enterprises of the Company and the enterprises of CDC entered into the respective Coal Purchase and Sale Framework Agreements:

(1) Shentou Power Generation Company and Datang Shanxi Electric Power Fuel Company Limited ("Datang Shanxi Fuel Company") entered into the Coal Purchase and Sale Framework Agreement (Shentou-Shanxi Fuel), pursuant to which Shentou Power Generation Company agreed to purchase coal from Datang Shanxi Fuel Company with a maximum aggregate annual transaction amount of approximately RMB50 million with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual aggregate annual transaction amount incurred was approximately RMB5.36 million. During the term of the agreement, all of the aforesaid transaction amount did not exceed the annual cap set out in the agreement.

(2) Shanxi Datang International Linfen Thermal Power Company Limited ("Linfen Thermal Power Company") and Datang Shanxi Fuel Company entered into the Coal Purchase and Sale Framework Agreement (Linfen-Shanxi Fuel), pursuant to which Linfen Thermal Power Company agreed to purchase coal from Datang Shanxi Fuel Company with a maximum aggregate annual transaction amount of approximately RMB50 million with a valid term commencing from the effective date of the agreement to 31 December 2017. As of 31 December 2017, the actual aggregate annual transaction amount incurred was approximately RMB8.76 million. During the term of the agreement, all of the aforesaid transaction amount did not exceed the annual cap set out in the agreement.

The purpose of the above transactions was primarily to fully leverage the 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. For details of the transactions, 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.

15. On 11 September 2015, the Company entered into the Leasing and Factoring Business Cooperation Agreement with Shanghai Datang Finance Leaseing Company Limited ("Shanghai Datang Leasing Company"), a controlled 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 2017, the actual annual amount incurred was approximately RMB734 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.

16. On 1 September 2016, the Company entered into the Financial Cooperation Agreement with Datang Finance Leasing Company Limited ("Datang Lease Company"), a 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 January 2017 to 31 December 2018. The maximum annual transaction amount was RMB4.0 billion from 1 January 2019 to 31 August 2019. 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 2017, the actual aggregate annual transaction amount incurred was approximately RMB35 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.

17. On 11 November 2016, the Company and China Datang Group Finance Co., Ltd. ("Datang Finance Company") entered into the Financial Services Agreement with a term commencing from 1 January 2017 to 31 December 2019. CDC is the controlling shareholder of Datang Finance Company and holds 71.8% of its equity interest. 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 with Datang Finance Company should not exceed RMB15,000 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 2017, the balance of deposits of the Company and its subsidiaries with Datang Finance Company was approximately RMB4,425 million. For details of the transaction, please refer to the announcement of the Company dated 11 November 2016. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

18. On 17 May 2017, 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 17 May 2017 to 31 December 2017. The annual cap of the transaction amount is approximately RMB145 million. Pursuant to the agreement, Datang Research Institute shall provide technical monitoring and technical service work which includes but not limited to the 14 Technology Supervision projects, and shall provide technical support and guidance in respect of technical difficulties. As Datang Research Institute has sufficient professional qualifications in terms of technical monitoring and technical services, 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 2017, the actual annual amount incurred was RMB123 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 17 May 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

19. On 13 June 2017, Shanxi Datang International Yungang Thermal Power Company Limited ("Yungang Thermal Power Company"), a wholly-owned subsidiary of the Company entered into the Coal Purchase and Sale Framework Agreement with Datang Shanxi Fuel Company (a wholly-owned subsidiary of CDC). Pursuant to which Yungang Thermal Power Company agreed to purchase coal from Datang Shanxi Fuel Company with maximum aggregate annual transaction amount of approximately RMB60 million with a valid term commencing from the effective date of the agreement to 31 December 2017. The purpose of the transaction was primarily to 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 2017, the actual aggregate annual transaction amount incurred was approximately RMB4.26 million. During

the term of the agreement, all of the aforesaid 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 13 June 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

20. On 13 June 2017, Gansu Datang International Liancheng Power Generation Company Limited ("Liancheng Power Generation Company"), a controlled subsidiary of the Company entered into the Coal Purchase and Sale Framework Agreement with Gansu Datang Fuel Company Limited ("Datang Gansu Fuel Company", a wholly-owned subsidiary of CDC). Pursuant to which Liancheng Power Generation Company agreed to purchase coal from Datang Gansu Fuel Company with maximum aggregate annual transaction amount of approximately RMB252 million with a valid term commencing from the effective date of the agreement to 31 December 2017. The purpose of the transaction was primarily to 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 2017, no relevant transaction has been carried out. For details of the transaction, please refer to the announcement of the Company dated 13 June 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

21. On 29 June 2017, the Company and China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd. ("China Water Resources and Power"), a wholly-owned subsidiary of CDC, entered into the Framework Agreement for Centralised Materials Purchase and Package Service with a valid term commencing from 29 June 2017 to 31 December 2017, and with a maximum annual transaction amount of approximately RMB1,000 million. Pursuant to the agreement, China Water Resources and Power agreed to conduct centralised purchase in accordance with the demand of infrastructure and production materials of the Company and its subsidiaries, and according to the actual demands of the Company and its subsidiaries to 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. China Water Resources and Power provided certain package services of infrastructure materials for some of the enterprises of the Company. The entering into and implementation of the agreement were to leverage on the role of China Water Resources and Power as a professional institution in sourcing equipment and materials, 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 2017, the actual aggregate annual transaction amount incurred was RMB780 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 June 2017. Unless otherwise specified, the above-mentioned capitalised terms.

22. On 26 September 2017, Beijing Datang Fuel Company, a controlled subsidiary of the Company, entered into the Coal Purchase and Sale Framework Agreement with Datang Huangdao Power Generation Company Limited ("Huangdao Power Generation Company", an indirect controlled subsidiary of CDC). Pursuant to which Beijing Datang Fuel Company agreed to sale coal to Huangdao Power Generation Company with maximum annual transaction amount of approximately RMB250 million with a valid term commencing from the effective date of the agreement to 31 December 2017. The purpose of the transaction was primarily to fully leverage the professional advantages and advantages of coal resource trading of Beijing Fuel Company, expand its business scope to a certain extent, and increase its sales revenue as well as enhance profitability. As of 31 December 2017, no relevant transaction has been carried out. For details of the transaction, please refer to the announcement of the Company dated 26 September 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

23. On 26 September 2017, Beijing Datang Fuel Company, a controlled subsidiary of the Company entered into the Coal Purchase and Sale Framework Agreement with Datang Nanjing Power Generation Plant (a wholly-owned power plant of CDC). Pursuant to which Beijing Datang Fuel Company agreed to sale coal to Datang Nanjing Power Generation Plant with maximum annual transaction amount of approximately RMB250 million with a valid term commencing from the effective date of the agreement to 31 December 2017. The purpose of the transaction was primarily to fully leverage the professional advantages and advantages of coal resource trading of Beijing Fuel Company, expand its business scope to a certain extent, and increase its sales revenue as well as enhance profitability. As of 31 December 2017, no relevant transaction has been carried out. For details of the transaction, please refer to the announcement of the Company dated 26 September 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

II. Other Connected Transactions in 2017

1. On 10 May 2017, Tuoketuo Power Generation Company, a controlled subsidiary of the Company entered into "EPC General Contracting Contract of Tuoketuo Power Generation Company in relation to the Construction Engineering of Fill Ground and its Ancillary Systems under the Integrated Treatment Project of the Small Watershed located in Kulue Tugou (the "Tuoketuo Technological Transformation Project Contract (I)")" and "EPC General Contracting Contract of Tuoketuo Power Generation Company in relation to the Construction Engineering of Loading System, Unloading System and Ancillary Systems under the Integrated Treatment Project of the Small Watershed located in Kulue Tugou (the "Tuoketuo Technological Transformation Project Contract (II)")" with China Datang Technologies and Engineering Co., Ltd. ("China Datang Technologies and Engineering Company"), by public tender and tender evaluation, and the contract amount were approximately RMB104.5256 million and RMB247.8592 million, respectively. On the same date, the Company considered that the Company's subsidiaries carry out the technological transformation 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 China Datang Technologies and Engineering Company, as well as to control cost to a certain extent through large scale purchasing of facilities. As of 31 December 2017, the annual transaction amount incurred from the Tuoketuo Technological Transformation Project Contract (I) and the Tuoketuo Technological Transformation Project Contract (II) were RMB29.61 million and RMB97.42 million. For details of the transaction, please refer to the announcement of the Company dated 10 May 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

2. On 11 September 2017, Yunnan Datang International Electric Power Company Limited (雲南大唐國際電力有限公司) ("Yunnan Electric Power Company", a subsidiary of the Company) and Datang Yunnan Power Generation Company Limited (大唐雲南發電有限公司) ("Datang Yunnan Power Generation Company", a wholly-owned subsidiary of CDC) entered into the Capital Contribution Agreement, pursuant to which Yunnan Electric Power Company and Datang Yunnan Power Generation Company agreed to make capital contributions in the sum of approximately RMB30.00 million and RMB170.00 million, respectively, for the purpose of establishing Datang Yunnan Energy Sales Co., Ltd. (大唐雲南能源營銷有限公司) ("Yunnan Sales Company"). Upon the establishment of Yunnan Sales Company, Yunnan Electric Power Company and Datang Yunnan Power Generation Company will hold 15% and 85% of the equity interests in Yunnan Sales Company, respectively. The Company is of the view that by leveraging the advantage of relevant resources of CDC, the controlling shareholder of the Company, the joint capital contributions of Yunnan Electric Power Company, and Datang Yunnan Power Generation Company to establish Yunnan Sales Company will further increase the profitability of the Company through proactive adaptation to the new trend under reformation of electric power, exploration and promotion of the

energy marketing business and proactive expansion of market share in the electric power market. For details, please refer to the announcement of the Company dated 11 September 2017.

3. On 30 October 2017, Liaoning Datang International Huludao Thermal Power Company Limited ("Huludao Thermal Power Company"), a subsidiary of the Company and Datang Environment Industry Company and its controlled subsidiary, Datang Technologies and Engineering Company ("together, Datang Environment Industry Company and its subsidiary") entered into the "Contract on the EPC Project of Constructing a Newly-built 2×350 MW Coal Transmission System for Liaoning Datang International Huludao Thermal Power", "Commercial Contract on the EPC Project of Constructing a Newly-built 2×350 MW System of Slag Removal, Ash Removal and Dust Removal for Liaoning Datang International Huludao Thermal Power Plant" and "Contract on the EPC Project of Constructing a Newly-built 2×350 MW Water Treatment Management System for Liaoning Datang International Huludao Thermal Power Plant", pursuant to which Huludao Thermal Power Company agreed to engage Datang Environment Industry Company and its subsidiary to undertake part of EPC Project contracting services of Huludao Thermal Power Company, with transaction amount of RMB194.904845 million, RMB107.50 million and RMB87.1549 million, respectively. The Company is of the view that Datang Environment Industry Company and its subsidiary to undertake contracting services of the EPC Contracts mainly for the purposes of ensuring the on-schedule completion of the EPC Projects of Huludao Thermal Power Company and to fully ride on the professional advantage of such companies. As of 31 December 2017, the aggregate transaction amount incurred was RMB57.12 million for the year. For details, please refer to the announcement of the Company dated 30 October 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

4. On 6 December 2017, the Company and CDC, the controlling shareholder of the Company entered into the Share Transfer Agreement in relation to Datang Heilongjiang Power Generation Co., Ltd. (大唐黑龍江發電有限公司,"Heilongjiang Company"), Datang Anhui Power Generation Co., Ltd. (大唐安徽發電有限公司,"Anhui Campany") and Datang Hebei Power Generation Co., Ltd. (大唐河北發電有限公司,"Hebei Company") entered into between CDC and Datang International Power Generation Co., Ltd., proposed to acquire 100% equity interests in Hebei Company, Heilongjiang Company and Anhui Company owned by CDC, respectively at the aggregate consideration of RMB18,127.5115 million. The Company is of the view that upon Completion, the Company will achieve integration of the coal-fire power assets owned by CDC in Hebei, Heilongjiang and Anhui provinces, and the power generation volume and continuous operation capabilities of the Company will be greatly improved. In the meantime, the improvement of electricity supply capacity and the coverage of electricity supply by the Company in Eastern, Northern and Northeast China is conducive to improving the market share and influence of the Company, and enhance the Company's core business of power generation. For details, please refer to the announcement of the Company dated 6 December 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

5. On 19 December 2017, each of Hebei Datang International Fengrun Thermal Power Company Limited ("Fengrun Thermal Power Company"), Lvsigang Power Generation Company, the controlled subsidiaries of the Company, entered into the "Energy Conservation Service Contract Concerning Optical Axis Heat Supply Improvement Project for Generator Unit 1 of Fengrun Thermal Power Company ("豐潤熱電公司1號機組光軸供熱改造項目節能服務合同") and the "Energy Conservation Service Contract Concerning Heat Supply Improvement Project of Lvsigang Power Generation Company ("呂四港發電公司供熱改造項目節能服務合同")" with Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司,"Datang Energy Management Company"), a controlled subsidiary of CDC, respectively. The benefit sharing period for each of Fengrun Thermal Power Company and Lvsigang Power Generation Company is 5 years and 10 years, respectively, from the date on which the trial runs of the energy conservation facilities are completed and the energy saving targets are reached. During the benefit sharing periods, based on the principle of shared benefits and risks, the parties agreed to share the benefits of energy conservation on the basis of the increased amount of the annual gas supply and energy saving revenue. Datang Energy Management Company charges annual energy saving service fees which shall not exceed 28% of the internal rate of return of project capital. The actual shared amounts for each party will be calculated after the projects have been completed and accepted and their accounts have been settled based on marginal factors, such as the actual amount of investments, amount of heat supplied or energy saving revenues. The energy saving service fees and accumulated energy saving service fees expected to be paid to Datang Energy Management Company annually by Fengrun Thermal Power Company were RMB10.78 million and RMB53.90 million, respectively. The energy saving service fees and accumulated energy saving service fees expected to be paid to Datang Energy Management Company annually by Lvsigang Power Generation Company were RMB31.584 million and RMB315.84 million, respectively. The Company is of the view that by carrying out contracting services of energy management via Datang Energy Management Company, the Company can fully utilize its professional technology advantage. Meanwhile, the Company will be able to improve the loading rate of its generator units, reduce the consumption of coal related to power supply and boost the energy saving revenue, which will further improve the profitability of the Company. As of 31 December 2017, the aggregate transaction amount incurred was RMB1.37 million for the year. For details, please refer to the announcement of the Company dated 19 December 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

6. On 22 December 2017, 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 RMB70.488 million to Datang Nuclear Company and CDC agreed to contribute RMB105.732 million to Datang Nuclear Company based on the proportion of their respective shareholding in Datang Nuclear Company. Upon completion of the capital increase, the accumulated amount of capital contribution of the Company to Datang Nuclear Company would become RMB346.5763 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 RMB519.8644 million whereas its proportion of the total shareholding would remain at 60%. The Company is of the view that the implementation of the Capital Increase Agreement and capital increase from the Company and CDC to Datang Nuclear Company can further increase the capital adequacy ratio of Datang Nuclear Company, hence satisfying the capital needs for investment projects of Datang Nuclear Company, enhancing the strength of principal business of Datang Nuclear Company, reinforcing its capacity to withstand risk, effectively advancing relevant development and establishment of nuclear projects, and so as to contribute to the maximization of shareholders' interests. For details, please refer to the announcement of the Company dated 22 December 2017.

7. On 22 December 2017, "EPC General Contracting on Coal Transportation System of Cogeneration Project for 2*350MW of Hebei Datang International Tangshan Beijiao" entered into between Hebei Datang International Tangshan Beijiao Thermal Power Generation Company Limited ("Tangshan Beijiao Thermal Power Generation Company", a subsidiary of the Company) and China Datang Technologies and Engineering Company, with contract amount of RMB166.401 million; "EPC General Contracting on Dust Removal, Ash and Slag Removal System of Cogeneration Project for 2*350MW of Hebei Datang International Tangshan Beijiao" entered into between Tangshan Beijiao Thermal Power Generation Company and Datang Environment Industry Company, with contract amount of RMB90.80 million; "EPC General Contracting on Water Treatment System of Cogeneration Project for 2*350MW of Hebei Datang International Tangshan Beijiao" entered into between Tangshan Beijiao Thermal Power Generation Company and Datang Environment Industry Company, with contract amount of RMB102.9999 million; "EPC General Contracting on Island Systems for Ash and Slag Removal and Dust Removal of "Replacing Small Capacity Units with Large Capacity Ones" Newly-built Project of Guangdong Datang International Leizhou Power Plant" entered into between Guangdong Datang International Leizhou Power Generation Company Limited, a subsidiary of the Company and Datang Environment Industry Company, with contract amount of RMB185.00 million; "EPC General Contracting on Expansion Project of Ningxia Datang International Qingtongxia Shashi Dunliang Wind Power Field" entered into between Ningxia Datang International Qingtongxia Wind

Power Company Limited, a subsidiary of the Company, Datang Technologies and Engineering Company and CISPDR, with contract amount of RMB316.6076 million. Datang Environment Industry Company is a controlled subsidiary of CDC, and Datang Technologies and Engineering Company is a subsidiary of Datang Environment Industry Company. The Company is of the view that Datang Environment Industry Company and its subsidiary to undertake contracting services of the EPC Contracts mainly for the purposes of ensuring the on-schedule completion of the EPC Projects of Leizhou Power Generation Company, Tangshan Beijiao Thermal Power Generation Company and Qingtongxia Wind Power Company Limited and to fully ride on the professional advantage of such companies. As of 31 December 2017, the aggregate transaction amount incurred was RMB132.43 million for the year. For details, please refer to the announcement of the Company dated 22 December 2017. Unless otherwise specified, the above-mentioned capitalised terms shall have the same meanings as defined in such announcement.

8. On 4 August 2017, the "Technological Transformation Project Contract on the Modification Project of High Back Pressure Heat Supply of #1 Generating Unit of Shanxi Datang International Linfen Thermal Power Company" entered into between Linfen Thermal Power Company, a subsidiary of the Company and Datang Technologies and Engineering Company, with the contract amount of RMB9.8681599 million. The Company is of the view that the Company and the subsidiaries, agreed to appoint Datang Technologies and Engineering Company to carry out the Technological Transformation Projects, mainly for the purposes of ensuring the on-schedule completion of Technical Transformation Projects of the subsidiaries, to fully utilise its professional advantage, as well as to control cost to a certain extent through large-scale purchase of facilities. As of 31 December 2017, no relevant transaction has been carried out. For details, please refer to the announcement of the Company dated 22 December 2017.

9. On 22 December 2017, the contract on the general contracting for the closure of the phaser V of the coalfield of Tuoketuo No. 2 Power Generation Company entered into between Tuoketuo No. 2 Power Generation Company, a controlled subsidiary of the Company and Datang Technologies and Engineering Company (i.e. a subsidiary of the Company's controlled subsidiary, Datang Environment Company), with contract amount of RMB77.420859 million. The contract on the general contracting contract of the coalfield closure project by Qian'an Thermal Power Company entered into by Hebei Datang International Qian'an Thermal Power Company Limited and Datang Technologies and Engineering Company, with contract amount of RMB40.985309 million. The Company is of the view that the Company and the subsidiaries, agreed to appoint Datang Technologies and Engineering Company to carry out the Technological Transformation Projects, mainly for the purposes of ensuring the on-schedule completion of Technical Transformation Projects of the subsidiaries, to fully utilise its professional advantage, as well as to control cost to a certain extent through large-scale purchase of facilities. As of 31 December 2017, the aggregate transaction amount incurred was RMB44.32 million for the year. For details, please refer to the announcement of the Company dated 22 December 2017.

The Company has followed the pricing policies and guidelines as specified in its relevant announcements and/or circulars when determining the price and terms of the continuing connected transactions conducted during the year ended 31 December 2017.

The independent non-executive Directors of the Company have reviewed the aforesaid continuing connected transactions, and confirmed that the aforesaid continuing connected transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders and the Company as a whole.

The Company's auditor was engaged to report on its continuing connected transactions for the year ended 31 December 2017 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

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 RMB960,367 thousand.

Other significant matters

1. On 31 March 2017, the Company convened the extraordinary general meeting, H-share class meeting and A-Share class meeting to consider and approve the plan for the non-public issuance of A-Shares and H-Shares. The approvals from the China Securities Regulatory Commission for the non-public issuance of H-Shares and A-Shares were obtained in September 2017 and March 2018, respectively. The Company has completed the non-public issuance of H-Shares on 19 March 2018, issuing 2,794,943,820 H-Shares with gross proceeds of approximately HK$6,222 million raised; and has completed the non-public issuance of A-Shares on 23 March 2018, issuing 2,401,729,106 A-Share with gross proceeds of approximately RMB8,334 million raised.

2. On 15 August 2017, the Company convened the 2017 second extraordinary general meeting, which considered and approved the Resolution on Amendments to "the Articles of Association of Datang International Power Generation Co., Ltd.", and clarified the statutory status of Party organization in corporate governance structure.

3. On 6 December 2017, the Company and CDC entered into the Equity Transfer Agreement in relation to Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd. entered into between CDC and Datang International Power Generation Co., Ltd., proposed to acquire 100% equity interests in Datang Hebei Power Generation Co., Ltd., Datang Heilongjiang Power Generation Co., Ltd. and Datang Anhui Power Generation Co., Ltd. owned by CDC respectively, at RMB18,127.5115 million. The aforesaid transaction was considered and approved at the 2018 first extraordinary general meeting of the Company held on 16 March 2018, and it is expected that the completion will take place in April 2018.

4. The Company has completed the issuance of "The First Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2018" on 19 January 2018, with the issuance amount of RMB3.0 billion with a maturity of 175 days. The unit nominal value is RMB100 and the coupon rate is at 5.10%. The proceeds will be used for the needs such as replenishment of working capital.

Compliance of the Model Code

The Company has adopted the code of conduct regarding the directors' securities transactions on terms no less extracting than the required standard set out in 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.

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

Ruihua Certified Public Accountants (Special General Partnership) and RSM Hong Kong are the domestic and overseas auditors of the Company for the year 2017, respectively, following an approval on their appointment at the 2017 second extraordinary general meeting of the Company and are responsible for domestic and overseas auditing, respectively, of among other things, the Company's financial report for the year 2017.

The Company did not have any change in its auditors in the preceding three years.

By order of the Board
Chen Jinhang
Chairman

29 March 2018

Report of the Supervisory Committee

Dear supervisors,

In 2017, 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 with promotion in lawful and compliant operation of the Company. In 2017, 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 examined the Company's operation and financial position from time to time, 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 2017 is as follows:

I. Supervisory Committee Meeting

No.	Meeting Names	Convening Date	Convening Means	Major Issues Discussed at the Supervisory Committee Meetings
1	The 5th meeting of the ninth session of Supervisory Committee	On 6 January 2017	Meeting by communication means	Considered and approved the Resolution on Amendments to the Relevant Resolutions Involved in the Adjustment of the Target Subscriber under the Non-public Issuance of H-Shares
2	The 6th meeting of the ninth session of Supervisory Committee	On 9 February 2017	Meeting by communication means	Considered and approved the Resolution on the Proposal for Non-public Issuance of A-Shares of the Company (Second Revision)
3	The 7th meeting of the ninth session of Supervisory Committee	On 13 March 2017	Meeting by communication means	Considered and approved the Resolution on Amendments to the Adjustment of Relevant Resolutions Involved in the Company's Non-public Issuance of A-Shares, Resolution on the Execution of the Supplemental Agreement of Conditional Subscription Agreements for the Non-public Issuance of Shares between the Company and Specific Targets (II) and the Connected Transactions Involved in the Issuance
4	The 8th meeting of the ninth session of Supervisory Committee	On 15 March 2017	On-site meeting	Considered and approved the Work Report of the Supervisory Committee for Year 2016, the Report of Final Accounting for Year 2016, the 2017 Financial Budget Report, the Resolution on 2016 Profit Distribution Plan and Making up Losses by Surplus Reserve Changes in Accounting Estimates of Main Equipment Assets in Gas Power Plant, the Explanation on the Publication of 2016 Annual Report, and the Resolution on the 2016 Internal Control Evaluation Report and Audit Report

No.	Meeting Names	Convening Date	Convening Means	Major Issues Discussed at the Supervisory Committee Meetings
5	The 9th meeting of the ninth session of Supervisory Committee	On 26 April 2017	Meeting by communication means	Considered and approved the Resolution on the 2017 First Quarterly Report
6	The 10th meeting of the ninth session of Supervisory Committee	On 15 August 2017	On-site meeting	Considered and approved the Resolution in Relation to the Announcement of the 2017 Interim Report
7	The 11st meeting of the ninth session of Supervisory Committee	On 20 September 2017	Meeting by communication means	Considered and approved the Resolution on the Reduction in the Company's Non-public Issuance of A-Shares Investment Projects and the Adjustment of Issuance Plan
8	The 12nd meeting of the ninth session of Supervisory Committee	On 30 October 2017	Meeting by communication means	Considered and approved the Resolution on 2017 Third Quarterly Report
9	The 13rd meeting of the ninth session of Supervisory Committee	On 21 December 2017	Meeting by communication means	Resolution on the Changes in Accounting Estimates of Expected Useful Life of Power Generation and Heat Supply Equipment Assets in Coal-fired Power Plants

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 2017 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 2017 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

The Company acquired 100% equity interests of Datang Heilongjiang Power Generation Co., Ltd., 100% equity interests of Datang Anhui Power Generation Co., Ltd., and 100% equity interests of Datang Hebei Power Generation Co., Ltd. held by CDC at a consideration of approximately RMB18.128 billion in cash.

The Board has considered and approved the above issues and the Company has fulfilled relevant disclosure obligations pursuant to the Listing Rules. In the case when these acquisition constituted connected transactions, the Independent Directors had expressed independent opinions, the Supervisory Committee was of the view that the relevant transaction were reasonable, and did not harm the interests of the Company and its shareholders as a whole.

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, sale and purchase of fuels, coal transportation, technological transformation, technology services, substitutive power generation, franchising in respect of the desulfurization assets or denitrification assets, financial support and finance lease. After verification, the Supervisory Committee is of the opinion that the connected transactions of the Company in 2017 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 2017 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 2018

In 2018, 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, as well as to periodically examine the Company's financial position and internal control, supervise the performance of duties fulfillment of directors and senior management of the Company, and ensure the lawful and compliant operation of the Company. Members of the Supervisory Committee will also continue to improve their political quality and operational capacity by studying relevant laws and regulations, so as to perform their function of supervision.

Datang International Power Generation Co., Ltd.
Supervisory Committee
29 March 2018

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 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 requirements being met.

An individual Relevant Shareholder will be subject to income tax on dividends he/she receives above an annual £2,000 tax free dividend allowance. 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.

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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 2017, 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 2017, 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. Recognition of deferred tax assets
2. Impairment of property, plant and equipment

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How Our Audit Addressed the 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 2017 is RMB3,637,796 thousand, of which RMB2,915,047 thousand (after offsetting against the deferred tax liabilities) 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 2018 (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.	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	How Our Audit Addressed the 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 2017 is RMB183,234,316 thousand. Certain subsidiaries of the Group under power generation segment and other segments incurred losses in year ended 31 December 2017. 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 impairment losses of RMB19,649 thousand in respect of property, plant and equipment should be recognised. 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.	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.

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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 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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

We communicate with the Audit Committee, 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.

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 Tam Shing Yu.

RSM Hong Kong
Certified Public Accountants
Hong Kong

29 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Continuing operations			
Operating revenue	8	64,607,755	57,291,557
Operating costs			
Fuel for power and heat generation		(32,750,284)	(21,976,278)
Fuel for coal sales		(37,188)	(284,568)
Depreciation		(11,263,255)	(10,787,520)
Repairs and maintenance		(1,648,112)	(1,445,837)
Salaries and staff welfare		(3,435,244)	(3,386,599)
Local government surcharges		(864,100)	(735,105)
Others		(6,769,970)	(5,508,282)
Total operating costs		(56,768,153)	(44,124,189)
Operating profit		7,839,602	13,167,368
Shares of profits of associates		1,044,591	363,200
Shares of (losses)/profits of joint ventures		(134,976)	698,246
Investment income		167,976	174,066
Other gains/(losses)	9	266,625	(407,321)
Interest income		49,311	44,251
Finance costs	11	(5,908,857)	(5,598,543)
Profit before tax from continuing operations		3,324,272	8,441,267
Income tax (expense)/credit	12	(878,419)	761,946
Profit for the year from continuing operations	13	2,445,853	9,203,213
Discontinued operations			
Loss for the year from discontinued operations	16	–	(7,317,892)
Profit for the year		2,445,853	1,885,321

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Fair value gain on available-for-sale financial assets		88,885	24,944
Shares of other comprehensive income of associates		(19,948)	(44,136)
Exchange differences on translating foreign operations		(5,042)	(5,771)
Income tax on items that may be reclassified to profit or loss		158	(6)
Other comprehensive income for the year, net of tax		64,053	(24,969)
Total comprehensive income for the year		2,509,906	1,860,352
Profit/(loss) for the year attributable to:			
Owners of the Company		1,708,075	(2,753,881)
Non-controlling interests		737,778	4,639,202
		2,445,853	1,885,321
Total comprehensive income for the year attributable to:			
Owners of the Company		1,772,128	(2,778,850)
Non-controlling interests		737,778	4,639,202
		2,509,906	1,860,352
		RMB	RMB
Earnings/(loss) per share	18		
Basic and diluted			
From continuing and discontinued operations		0.13	(0.21)
From continuing operations		0.13	0.24

Consolidated Statement of Financial Position

At 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	183,234,316	182,921,995
Investment properties	20	610,583	549,727
Intangible assets	21	1,977,645	1,988,652
Development costs		1,822	21
Investments in associates	22	14,417,605	8,562,286
Investments in joint ventures	23	969,068	6,629,938
Available-for-sale financial assets	24	4,905,913	4,991,091
Deferred housing benefits	25	–	–
Long-term entrusted loans to an associate	26	11,307	25,188
Deferred tax assets	38	3,637,796	3,420,216
Other non-current assets	27	4,724,872	4,181,389
Total non-current assets		214,490,927	213,270,503
Current assets			
Inventories	28	2,916,823	2,766,573
Accounts and notes receivables	29	9,948,715	8,003,721
Prepayments and other receivables	30	3,537,772	4,416,631
Tax recoverable		217,625	367,970
Current portion of long-term entrusted loans to an associate	26	122,079	100,000
Current portion of other non-current assets	27	76,188	11,656
Cash and cash equivalents and restricted deposits	31	4,621,714	4,528,367
Total current assets		21,440,916	20,194,918
TOTAL ASSETS		235,931,843	233,465,421

Consolidated Statement of Financial Position

At 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the Company			
Share capital	32	13,310,038	13,310,038
Reserves	34	22,562,282	31,160,431
Retained earnings/(accumulated losses)			
Proposed dividends	17	1,665,604	–
Others		4,221,424	(4,486,148)
		41,759,348	39,984,321
Non-controlling interests		18,425,484	18,844,672
Total equity		60,184,832	58,828,993
Non-current liabilities			
Long-term loans	35	88,413,130	90,166,116
Long-term bonds	36	15,444,381	15,426,755
Deferred income	37	1,613,873	1,783,656
Deferred tax liabilities	38	531,806	563,261
Other non-current liabilities	39	7,060,243	9,331,062
Total non-current liabilities		113,063,433	117,270,850
Current liabilities			
Accounts payables and accrued liabilities	40	22,508,332	20,396,471
Taxes payables		910,687	887,815
Dividends payables		301,547	633,461
Short-term loans	41	24,441,440	11,010,175
Short-term bonds	42	–	14,182,902
Current portion of non-current liabilities	35,39	14,521,572	10,254,754
Total current liabilities		62,683,578	57,365,578
Total liabilities		175,747,011	174,636,428
TOTAL EQUITY AND LIABILITIES		235,931,843	233,465,421
NET CURRENT LIABILITIES		(41,242,662)	(37,170,660)

Approved by the Board of Directors on 29 March 2018 and are signed on its behalf by:

Wang Xin　　　　Ying Xuejun

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2017

	Attributable to owners of the Company											
	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	Total equity RMB'000
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 reserves	–	–	–	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
At 1 January 2017	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
Total comprehensive income for the year	–	–	–	–	–	(5,042)	69,095	–	1,708,075	1,772,128	737,778	2,509,906
Capital injections from non-controlling interests	–	–	–	–	–	–	–	–	–	–	450,979	450,979
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(114)	(114)
Others	–	(3,327)	–	–	–	–	–	6,226	–	2,899	5,094	7,993
Transfer to restricted reserve	–	–	–	–	389	–	–	–	(389)	–	–	–
Transfer to surplus reserve	–	–	–	349,675	–	–	–	–	(349,675)	–	–	–
Transfer from surplus reserve	–	–	–	(9,015,165)	–	–	–	–	9,015,165	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	–	–	(1,612,925)	(1,612,925)
Changes in equity for the year	–	(3,327)	–	(8,665,490)	389	(5,042)	69,095	6,226	10,373,176	1,775,027	(419,188)	1,355,839
At 31 December 2017	13,310,038	9,907,511	4,992,897	6,839,386	12,679	42,481	118,351	648,977	5,887,028	41,759,348	18,425,484	60,184,832

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	43(a)	**19,323,742**	23,130,109
Interest received		**49,311**	47,521
Income tax paid		**(1,230,963)**	(2,724,653)
Net cash generated from operating activities		**18,142,090**	20,452,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(10,076,786)**	(16,385,507)
Additions to intangible assets		**(7,286)**	(6,244)
Investments in joint ventures		**(176,924)**	(85,365)
Investments in associates		**(70,000)**	(374,500)
Investments in available-for-sale financial assets		**(12,150)**	–
Proceeds from disposals of property, plant and equipment		**106,125**	334,743
Disposals of subsidiaries	43(b)	**23,641**	(435,217)
Proceeds from disposals of available-for-sale financial assets		**409,250**	–
Repayment of entrusted loans		**–**	2,415,851
Dividends received		**870,133**	626,484
Interest received from entrusted loans to related parties		**62,633**	60,600
Others		**24,942**	102,436
Net cash used in investing activities		**(8,846,422)**	(13,746,719)

	Note	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injections from non-controlling interests		**450,979**	778,136
Drawdown of loans		**57,647,831**	71,342,941
Issuance of short-term bonds		**177,000**	20,000,000
Proceeds from sale and finance leaseback transactions		**711,000**	2,742,751
Repayment of loans		**(42,485,109)**	(65,470,287)
Repayment of short-term bonds		**(14,485,000)**	(20,900,000)
Repayment of finance lease payables		**(2,767,588)**	(4,211,376)
Interest paid		**(6,630,133)**	(7,306,710)
Dividends paid to owners of the Company		**–**	(2,262,706)
Dividends paid to non-controlling interests		**(1,944,839)**	(2,110,441)
Others		**(274,134)**	(2,854)
Net cash used in financing activities		**(9,599,993)**	(7,400,546)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(304,325)**	(694,288)
Effect of foreign exchange rate changes		**(3,990)**	(4,345)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**4,500,684**	5,199,317
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	31	**4,192,369**	4,500,684

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 and other business.

In the opinion of the directors of the Company, China Datang Corporation Limited ("China Datang") (formerly known as China Datang Corporation), 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.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

At 31 December 2017, a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. Consequently, at 31 December 2017, the Group had net current liabilities of approximately RMB41.24 billion (2016: RMB37.17 billion). The Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB282.10 billion (2016: RMB292.97 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 2017. Of these, the following new or revised IFRSs are relevant to the Group:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided this information in note 43 (d) to the financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses, for example, those on debt instruments measured at fair value. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The amendments had no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

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 2017. These new and revised IFRSs include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to IAS 40	Investment Property: Transfers of investment property	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	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. While the assessment has been substantially completed for IFRS 9 and IFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

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

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets and a new impairment model for financial assets.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

The Group expects to irrevocably designate those listed and unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit loss but rather in other comprehensive income. In addition, the Group currently measures certain unlisted equity securities at cost less impairment. Under IFRS 9 these instruments will be measured at fair value.

(b) Impairment

IFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 December 2017, there would not have significant impact on the accumulated impairment loss at that date as compared with that recognised under IAS 39.

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

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, 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, whereas 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.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good in the contract. IFRS 15 identifies 3 situations in which control of the promised good is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

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

IFRS 15 Revenue from Contracts with Customers (Continued)

(a) Timing of revenue recognition (Continued)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from sales of electricity and heat and revenue from sales of coal and other goods.

For contracts with customers in which the sales of electricity and heat and the sales of coal and other goods are generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on the generation and transmission of electricity and heat and on delivery of the coal and other goods.

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.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property 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.

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 (Continued)

As disclosed in note 46 to the consolidated financial statements, the Group's future minimum lease payments under non-cancellable operating leases for its office property and machinery amounted to RMB77,528 thousand as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation of IAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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.

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 the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 2017 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Joint arrangements (Continued)

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.

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.

(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 measured.

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.

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 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, held for use in the production or supply of goods or services or for administrative purpose (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
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.

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
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.

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.

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.

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.

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% 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 receivables 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.

In respect of available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in available-for-sale financial assets revaluation reserve; impairment losses are not reversed through profit or loss.

(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.

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 30% 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 China Datang Corporation Hong Kong Co., Limited ("CDC Hong Kong Company").

(c) Joint arrangements of limited companies

The Group's joint arrangements of Yuzhou Energy Multiple Company, Yuzhou Mining Company, Changtan Mining Company and CDC Hong Kong 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 CDC Hong Kong 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 2017 was RMB183,234,316 thousand (2016: RMB182,921,995 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, impairment losses relating to continuing operations of RMB19,649 thousand (2016: nil) were recognised.

(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.

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 CGU 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 (2016: 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 (2016: no) impairment loss was recognised for the available-for-sale financial assets.

(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 other than goodwill, 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 2017, impairment losses on intangible assets other than goodwill amounted to nil (2016: 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 2017, the carrying amount of deferred tax assets was RMB3,637,796 thousand (2016: RMB3,420,216 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 2017, allowance for inventories amounted to RMB344,451 thousand (2016: RMB48,692 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 2017, allowance for accounts and other receivables amounted to RMB2,200,177 thousand (2016: RMB2,002,696 thousand).

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 RMB878,419 thousand (2016: RMB761,946 thousand) was charged (2016: credited) 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 RMB279,289 thousand (2016: RMB205,624 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 2017 and 2016. 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 and accounts receivables.

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 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 2017, accounts and notes receivables due from the top five debtors amounted to RMB4,380,936 thousand (2016: RMB3,827,508 thousand), representing 44.04% (2016: 47.82%) of the total accounts and notes receivables. Except for accounts and notes receivables, the Group has no significant concentrations of credit risk.

(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.

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 RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2017					
Long-term loans	**13,078,030**	**14,603,086**	**26,253,270**	**50,231,678**	**104,166,064**
Long-term bonds	**792,500**	**7,292,500**	**4,224,000**	**6,453,000**	**18,762,000**
Finance lease payables	**3,774,545**	**2,080,825**	**4,630,586**	**1,249,383**	**11,735,339**
Other non-current liabilities, excluding finance lease payables	**13,300**	**–**	**–**	**–**	**13,300**
Accounts payables and accrued liabilities	**22,508,332**	**–**	**–**	**–**	**22,508,332**
Short-term loans	**25,446,893**	**–**	**–**	**–**	**25,446,893**
At 31 December 2016					
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	2,857,067	3,328,190	5,142,601	2,195,199	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

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 2017 and 2016.

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 2017, if interest rates on RMB and United States dollars ("USD") denominated loans had been 50 basis points (2016: 50 basis points) lower respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB444,432 thousand (2016: RMB413,740 thousand) and RMB877 thousand (2016: RMB1,556 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 (2016: 50 basis points) higher respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB444,432 thousand (2016: RMB413,740 thousand) and RMB877 thousand (2016: RMB1,556 thousand) lower, respectively, arising mainly as a result of higher interest expense on the loans.

(f) Categories of financial instruments at 31 December 2017

	2017 RMB'000	2016 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**15,700,958**	13,877,865
Available-for-sale financial assets	**4,905,913**	4,991,091
Financial liabilities:		
Financial liabilities at amortised cost	**172,690,645**	171,401,696

(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.

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 categories 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 2017:

Description	Fair value measurements using Level 1:	
	2017	2016
	RMB'000	RMB'000
Recurring fair value measurements:		
Available-for-sale financial assets		
Listed securities in Hong Kong	**279,289**	205,624

8. OPERATING REVENUE

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

	2017	2016
	RMB'000	RMB'000
Sales of electricity	**58,577,791**	51,866,386
Heat supply	**2,047,233**	1,748,083
Sales of coal	**98,985**	159,157
Others	**3,883,746**	3,517,931
	64,607,755	57,291,557

9. OTHER GAINS/(LOSSES)

	2017 RMB'000	2016 RMB'000
Continuing operations		
Gain/(loss) on disposals of subsidiaries, net	**28,368**	(407,321)
Gain on disposals of available-for-sale financial assets	**238,257**	–
	266,625	(407,321)

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.

10. SEGMENT INFORMATION (Continued)

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

	Power generation segment RMB'000	Coal segment RMB'000	Other segments RMB'000	Total RMB'000
Year ended 31 December 2017				
Revenue from external customers	61,193,214	99,011	3,315,530	64,607,755
Intersegment revenue	722,415	21,761,980	126,424	22,610,819
Segment profit/(loss)	2,921,418	445,918	(436,546)	2,930,790
Depreciation and amortisation	10,664,500	137,394	306,403	11,108,297
Net gains on disposals of property, plant and equipment	6,608	–	–	6,608
Loss on disposals of construction in progress	(1,734)	–	–	(1,734)
Gain on disposals of long-term investments	28,368	–	–	28,368
Impairment losses on assets	20,534	197,481	305,790	523,805
Interest income	42,522	4,995	1,794	49,311
Interest expense	5,728,558	91,792	71,516	5,891,866
Shares of profits of associates	390,855	497,355	152,720	1,040,930
Shares of losses of joint ventures	–	(126,872)	(416)	(127,288)
Income tax expense	780,019	71,686	26,326	878,031

10. SEGMENT INFORMATION (Continued)

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

	Power generation segment RMB'000	Coal segment RMB'000	Other segments RMB'000	Total RMB'000
Year ended 31 December 2016				
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
Segment profit/(loss)	8,941,581	(268,666)	119,692	8,792,607
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 RMB'000	Coal segment RMB'000	Other segments RMB'000	Total RMB'000
At 31 December 2017				
Segment assets	**213,535,453**	**10,894,855**	**12,035,821**	**236,466,129**
Including:				
Investments in associates	**6,595,208**	**3,011,611**	**4,591,331**	**14,198,150**
Investments in joint ventures	**–**	**831,431**	**19,186**	**850,617**
Additions to non-current assets (other than financial assets and deferred tax assets)	**11,546,475**	**30,178**	**105,859**	**11,682,512**
Segment liabilities	**170,937,175**	**4,827,511**	**9,011,247**	**184,775,933**
At 31 December 2016				
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

10. SEGMENT INFORMATION (Continued)

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

	2017 RMB'000	2016 RMB'000
Revenue		
Total revenue of reportable segments	87,218,574	71,984,252
Elimination of intersegment revenue	(22,610,819)	(14,692,695)
Consolidated revenue from continuing operations	64,607,755	57,291,557
Profit or loss		
Total profit or loss of reportable segments	2,930,790	8,792,607
Dividend income from available-for-sale financial assets	159,975	139,330
Gain on disposals of available-for-sale financial assets	238,257	–
Elimination of intersegment profits	(1,279)	(371,745)
IFRS adjustment on reversal of general provision on mining funds	(3,471)	(115,565)
Other IFRS adjustments	–	(3,360)
Consolidated profit before tax from continuing operations	3,324,272	8,441,267

	2017 RMB'000	2016 RMB'000
Assets		
Total assets of reportable segments	236,466,129	233,807,518
Available-for-sale financial assets	4,897,647	4,982,825
Deferred tax assets	3,611,179	3,393,599
Elimination of intersegment assets	(9,301,169)	(8,961,517)
IFRS adjustment on reversal of general provision on mining funds	337,906	322,845
Other IFRS adjustments	(79,849)	(79,849)
Consolidated total assets	235,931,843	233,465,421
Liabilities		
Total liabilities of reportable segments	(184,775,933)	(182,522,952)
Current tax liabilities	(334,391)	(331,124)
Deferred tax liabilities	(523,891)	(555,485)
Elimination of intersegment liabilities	9,895,119	8,780,909
Other IFRS adjustments	(7,915)	(7,776)
Consolidated total liabilities	(175,747,011)	(174,636,428)

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 RMB'000	Elimination of intersegment RMB'000	IFRS adjustment on reversal of general provision on mining funds RMB'000	Other IFRS adjustments RMB'000	Total per consolidated statement of financial position/ statement of profit or loss and other comprehensive income RMB'000
Year ended 31 December 2017					
Shares of profits of associates	**1,040,930**	**–**	**3,661**	**–**	**1,044,591**
Shares of losses of joint ventures	**(127,288)**	**–**	**(7,688)**	**–**	**(134,976)**
Income tax expense	**878,031**	**249**	**–**	**139**	**878,419**
Year ended 31 December 2016					
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)
At 31 December 2017					
Investments in associates	**14,198,150**	**–**	**219,455**	**–**	**14,417,605**
Investments in joint ventures	**850,617**	**–**	**118,451**	**–**	**969,068**
At 31 December 2016					
Investments in associates	8,366,606	–	195,680	–	8,562,286
Investments in joint ventures	6,502,773	–	127,165	–	6,629,938

10. SEGMENT INFORMATION (Continued)

Geographical information (under IFRS):

During the years ended 31 December 2017 and 2016, all revenues from external customers from continuing operations are generated domestically. At 31 December 2017, non-current assets (excluding financial assets and deferred tax assets) amounted to RMB205,874,537 thousand (2016: RMB204,697,195 thousand) and RMB5,221 thousand (2016: RMB4,978 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 from continuing operations:

	2017 RMB'000	2016 RMB'000
Power generation segment		
North China Branch of State Grid Corporation of China	15,522,360	13,405,282
Guangdong Power Grid Corporation	5,518,994	4,255,408
State Grid Zhejiang Electric Power Company	5,341,131	4,947,485
State Grid Jibei Electric Power Company Limited	4,623,538	4,621,444
State Grid Jiangxi Electric Power Company Limited	3,993,069	3,124,011
State Grid Jiangsu Electric Power Company Limited	3,923,461	3,894,759

11. FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Continuing operations		
Interest expense on:		
Short-term loans	837,763	620,054
Long-term loans	4,552,302	4,247,553
Short-term bonds	87,681	371,416
Long-term bonds	810,126	810,261
Finance leases	524,459	565,281
Discounted notes receivables	39,902	39,866
Total borrowing costs	6,852,233	6,654,431
Amount capitalised	(960,367)	(1,164,143)
	5,891,866	5,490,288
Exchange loss, net	3,991	6,213
Others	13,000	102,042
	5,908,857	5,598,543

Borrowing costs on funds borrowed generally are capitalised at a rate of 4.41% (2016: 4.33%) per annum.

12. INCOME TAX (EXPENSE)/CREDIT

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

	2017 RMB'000	2016 RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	**(1,080,064)**	(1,921,818)
(Under)/over-provision in prior years	**(47,232)**	5,094
	(1,127,296)	(1,916,724)
Deferred tax	**248,877**	2,678,670
	(878,419)	761,946

The Group, other than as stated below, is generally subject to PRC Enterprise Income Tax statutory rate of 25% (2016: 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 (EXPENSE)/CREDIT (Continued)

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

	2017 RMB'000	2016 RMB'000
Profit before tax from continuing operations	**3,324,272**	8,441,267
Tax at the PRC Enterprise Income Tax rate of 25% (2016: 25%)	**831,068**	2,110,317
Tax effect of income that is not taxable	**(307,504)**	(319,306)
Tax effect of expenses that are not deductible	**69,111**	721,005
Tax effect of utilisation of tax losses not previously recognised	**(32,571)**	(2,340,561)
Tax effect of temporary differences not recognised	**521,664**	(683,501)
Under/(over)-provision in prior years	**47,232**	(5,094)
Tax effect of tax concession	**(251,588)**	(246,877)
Others	**1,007**	2,071
Income tax expense/(credit) relating to continuing operations	**878,419**	(761,946)

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:

	2017 RMB'000	2016 RMB'000
Auditors' remuneration	**13,980**	15,980
Allowance for accounts receivables	**151,442**	1,295
Allowance for inventories (included in operating costs)	**306,675**	–
Allowance for other receivables	**46,039**	27,938
Amortisation of deferred income	**(484,808)**	(316,457)
Amortisation of intangible assets (included in operating costs)	**27,616**	17,980
Cost of major inventories sold and consumed		
– Fuel	**32,787,472**	22,260,846
– Spare parts and consumable supplies	**344,243**	303,996
Dividend income from equity investments	**(159,975)**	(139,330)
Impairment of property, plant and equipment	**19,649**	–
Net gains on disposals of property, plant and equipment	**(4,874)**	(5,076)
Rental income generated from investment properties	**(40,260)**	(32,778)
Reversal of allowance for other receivables	**–**	(56,350)
Staff costs excluding directors' and supervisors' emoluments		
– Salaries and welfares	**2,152,971**	2,141,331
– Retirement benefits	**512,702**	514,582
– Housing benefits	**237,310**	235,415
– Other costs	**532,261**	495,271

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						
		Salaries, allowances and bonus					
	Fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Subtotal RMB'000	Retirement benefits RMB'000	Other benefits RMB'000	Total RMB'000
Name of director							
Chen Jinhang	–	–	–	–	–	–	–
Wang Xin	–	353	314	667	34	135	836
Liang Yongpan	–	–	–	–	–	–	–
Ying Xuejun	–	295	360	655	29	115	799
Liu Haixia	–	–	–	–	–	–	–
Guan Tiangang	–	–	–	–	–	–	–
Cao Xin	–	–	–	–	–	–	–
Zhao Xianguo	–	–	–	–	–	–	–
Feng Genfu	137	–	–	–	–	–	137
Luo Zhongwei	137	–	–	–	–	–	137
Liu Huangsong	137	–	–	–	–	–	137
Jiang Fuxiu	137	–	–	–	–	–	137
Zhu Shaowen	–	–	–	–	–	–	–
Liu Chuandong	–	–	–	–	–	–	–
Liu Jizhen	63	–	–	–	–	–	63
	611	648	674	1,322	63	250	2,246
Name of supervisor							
Zhang Xiaoxu	–	–	–	–	–	–	–
Yu Meiping	–	299	354	653	29	115	797
Guo Hong	–	560	–	560	23	115	698
Liu Quancheng	–	–	–	–	–	–	–
	–	859	354	1,213	52	230	1,495
Total for 2017	611	1,507	1,028	2,535	115	480	3,741

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)

		Emoluments paid or receivable in respect of a person's service as a director and supervisor whether of the Company or its subsidiary undertaking						
			Salaries, allowances and bonus					
		Fees RMB'000	Basic salaries and allowances RMB'000	Bonus RMB'000	Subtotal RMB'000	Retirement benefits RMB'000	Other benefits RMB'000	Total RMB'000
Name of director								
Chen Jinhang		–	–	–	–	–	–	–
Hu Shengmu	(i)	–	–	–	–	–	–	–
Wu Jing	(i)	–	96	608	704	7	26	737
Wang Xin	(ii)	–	265	60	325	21	80	426
Liang Yongpan		–	–	–	–	–	–	–
Ying Xuejun		–	292	516	808	23	106	937
Liu Haixia		–	–	–	–	–	–	–
Guan Tiangang		–	–	–	–	–	–	–
Cao Xin		–	–	–	–	–	–	–
Cai Shuwen	(i)	–	–	–	–	–	–	–
Yang Wenchun	(iii)	–	–	–	–	–	–	–
Zhao Xianguo	(ii)	–	–	–	–	–	–	–
Jiang Guohua	(i)	137	–	–	–	–	–	137
Feng Genfu		137	–	–	–	–	–	137
Luo Zhongwei		137	–	–	–	–	–	137
Liu Huangsong		137	–	–	–	–	–	137
Jiang Fuxiu		137	–	–	–	–	–	137
Zhu Shaowen	(v)	–	–	–	–	–	–	–
Liu Chuandong	(ii)	–	–	–	–	–	–	–
Liu Jizhen	(iv)	–	–	–	–	–	–	–
		685	653	1,184	1,837	51	212	2,785
Name of supervisor								
Zhang Xiaoxu		–	–	–	–	–	–	–
Liu Chuandong	(vi)	–	–	–	–	–	–	–
Yu Meiping		–	295	575	870	24	106	1,000
Guo Hong		–	621	–	621	19	106	746
Liu Quancheng	(ii)	–	–	–	–	–	–	–
		–	916	575	1,491	43	212	1,746
Total for 2016		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) Ceased on 30 June 2016

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 (2016: 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/or 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 ranging from 14% to 20% (2016: of 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 3 to 4 times (2016: 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 2017 pursuant to these arrangements amounted to RMB596,187 thousand (2016: RMB604,275 thousand).

15. EMPLOYEE BENEFITS RELATING TO CONTINUING OPERATIONS (Continued)

(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 rate(s) 12% (2016: 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 2017, the Group provided RMB275,291 thousand (2016: RMB272,059 thousand) to the fund relating to continuing operations.

(c) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2016: one) director(s) and one (2016: one) supervisor whose emoluments are reflected in the analysis presented in note 14 (a) to the consolidated financial statements. The emoluments of the remaining two (2016: three) individuals are set out below:

	2017 RMB'000	2016 RMB'000
Basic salaries and allowances	595	949
Bonus	711	1,720
Retirement benefits	55	74
Other benefits	230	318
	1,591	3,061

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Nil to RMB835,910 (2016: RMB894,510) (equivalent to Hong Kong dollars ("HKD") 1,000,000)	4	–
RMB835,911 to RMB1,235,865 (2016: RMB894,511 to RMB1,341,765) (equivalent to HKD1,000,001 to HKD1,500,000)	1	5
	5	5

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 43(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 ended 31 December 2016 are set out below.

	RMB'000
Loss for the year from discontinued operations:	
Operating revenue	1,832,762
Operating costs	(3,983,878)
Interest income	3,270
Finance costs	(1,146,936)
Loss before tax	(3,294,782)
Income tax expense	(3,174)
Loss for the year	(3,297,956)
Loss on the disposal of operations	(4,019,936)
Loss for the year from discontinued operations	(7,317,892)
Loss for the year from discontinued operations attributable to:	
Owners of the Company	(6,025,980)
Non-controlling interests	(1,291,912)
	(7,317,892)

16. DISCONTINUED OPERATIONS (Continued)

Loss for the year from discontinued operations included the following:

	RMB'000
Amortisation of deferred income	(16,054)
Amortisation of intangible assets (included in operating costs)	14,449
Depreciation	1,223,968

Cash flows from discontinued operations:

	RMB'000
Net cash outflows from operating activities	(325,595)
Net cash outflows from investing activities	(2,189,513)
Net cash inflows from financing activities	1,754,077
Net cash outflows	(761,031)

17. DIVIDENDS

	2017 RMB'000	2016 RMB'000
Proposed final of RMB0.09 (2016: nil) per share	1,665,604	–

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. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following:

	2017 RMB'000	2016 RMB'000
Profit/(loss)		
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	**1,708,075**	(2,753,881)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	**13,310,038**	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:

	2017 RMB'000	2016 RMB'000
Profit		
Profit/(loss) for the purpose of calculating basic and diluted earnings per share	**1,708,075**	(2,753,881)
Loss for the year from discontinued operations	–	6,025,980
Profit for the purpose of calculating basic and diluted earnings per share from continuing operations	**1,708,075**	3,272,099

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 earnings (2016: loss) per share from the discontinued operations is nil (2016: RMB0.45), based on the loss for the year from discontinued operations attributable to the owners of the Company of nil (2016: RMB6,025,980 thousand) and the denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

19. PROPERTY, PLANT AND EQUIPMENT

	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
Cost								
At 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 and 1 January 2017	2,910,492	81,654,477	136,917,050	–	3,017,917	6,215,623	43,395,219	274,110,778
Transfer in/(out)	20,238	19,846,306	11,197,923	–	14,447	33,736	(31,194,931)	(82,281)
Additions	24,822	56,409	12,662	–	16,768	17,470	11,717,624	11,845,755
Disposal of a subsidiary	–	(16,298)	(2,606)	–	(166)	(15)	(404)	(19,489)
Disposals	(50,550)	(146,371)	(40,398)	–	(17,560)	(7,493)	–	(262,372)
At 31 December 2017	2,905,002	101,394,523	148,084,631	–	3,031,406	6,259,321	23,917,508	285,592,391

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
Accumulated depreciation and impairment losses								
At 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 and 1 January 2017	472,230	20,268,170	67,062,398	–	1,383,223	2,002,762	–	91,188,783
Charge for the year	74,000	2,801,995	7,784,124	–	186,477	420,351	–	11,266,947
Disposal of a subsidiary	–	(11,256)	(2,377)	–	(158)	(14)	–	(13,805)
Impairment losses	–	–	–	–	–	–	19,649	19,649
Disposals	(5,631)	(45,444)	(34,911)	–	(13,468)	(4,045)	–	(103,499)
At 31 December 2017	540,599	23,013,465	74,809,234	–	1,556,074	2,419,054	19,649	102,358,075
Carrying amount								
At 31 December 2017	2,364,403	78,381,058	73,275,397	–	1,475,332	3,840,267	23,897,859	183,234,316
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

During the year, depreciation expenses relating to continuing operations charged into operating costs and construction in progress amounted to RMB11,243,652 thousand (2016: RMB10,765,579 thousand) and RMB23,295 thousand (2016: RMB53,980 thousand), respectively.

At 31 December 2017 the carrying amount of property, plant and equipment pledged as security for the Group's long-term loans amounted to RMB3,703,915 thousand (2016: RMB3,754,550 thousand).

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, one of the subsidiaries of the Group made impairment losses of RMB19,649 thousand on its property, plant and equipment which are used in power generation segment. As the Group concluded that these construction in progress will not generate the level of profitability previously estimated, their recoverable amounts which have been determined on the basis of their value in use using discounted cash flow method were estimated at zero.

At 31 December 2017, the carrying amount of property, plant and equipment under finance leases are as follows:

	2017 **RMB'000**	2016 RMB'000
Buildings and structures	**3,771,862**	3,901,758
Electricity utility plants	**5,373,569**	6,070,100
Transportation facilities	**841,401**	939,547
	9,986,832	10,911,405

The Group convened the twentieth meeting of the ninth session of the Board of Directors on 21 December 2017, which considered and approved the"Resolution on the Change in Accounting Estimates of Expected Useful Life of Power Generation and Heat Supply Equipment and Assets in Coal-fired Power Plants" unanimously. The change made by the Company to the accounting estimates of the expected useful life and the expected residual rate of power generation and heat supply equipment and assets in coal-fired power plants will come into effect on 1 January 2018. The management adopts prospective application for accounting treatment. Based on preliminary calculations, if there is no change in accounting estimates, it is expected that the depreciation charge would amount to approximately RMB4.891 billion in 2018. After the changes in accounting estimates, it is expected that the depreciation charge would amount to approximately RMB4.032 billion in 2018, which is expected to increase the total profit in the consolidated financial statements of the Group for the year ending 31 December 2018 by approximately RMB859 million.

20. INVESTMENT PROPERTIES

	RMB'000
Cost	
At 1 January 2016	670,524
Additions	1,830
Transfer in	263
Others	(8,052)
At 31 December 2016 and 1 January 2017	**664,565**
Transfer in	**105,228**
Transfer out	**(34,187)**
At 31 December 2017	**735,606**
Accumulated depreciation	
At 1 January 2016	92,897
Charge for the year	21,941
At 31 December 2016 and 1 January 2017	**114,838**
Charge for the year	**19,603**
Transfer out	**(9,418)**
At 31 December 2017	**125,023**
Carrying amount	
At 31 December 2017	**610,583**
At 31 December 2016	549,727

At 31 December 2017, the Group's total future minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2017 RMB'000	2016 RMB'000
Within one year	**21,876**	16,667
In the second to fifth years, inclusive	**37,702**	27,072
After five years	**19,476**	5,809
	79,054	49,548

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
Cost							
At 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 and 1 January 2017	899,886	1,017,060	37,763	–	177,240	15,298	2,147,247
Additions	–	–	–	–	7,286	–	7,286
Transfer in	–	–	–	–	9,285	1,955	11,240
Disposals	–	–	–	–	(1,779)	–	(1,779)
Disposal of a subsidiary	–	–	–	–	(90)	–	(90)
At 31 December 2017	899,886	1,017,060	37,763	–	191,942	17,253	2,163,904
Accumulated amortisation and impairment losses							
At 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 and 1 January 2017	–	21,000	36,856	–	86,009	14,730	158,595
Amortisation for the year	–	5,615	30	–	23,046	282	28,973
Disposals	–	–	–	–	(1,231)	–	(1,231)
Disposal of a subsidiary	–	–	–	–	(78)	–	(78)
At 31 December 2017	–	26,615	36,886	–	107,746	15,012	186,259
Carrying amount							
At 31 December 2017	899,886	990,445	877	–	84,196	2,241	1,977,645
At 31 December 2016	899,886	996,060	907	–	91,231	568	1,988,652

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:

	2017 RMB'000	2016 RMB'000
Power generation segment		
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	**33,561**	33,561
Datang Tongzhou Technology Company Limited	**949**	949
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	**902**	902
Yunnan Datang International Deqin Hydropower Development Company Limited	**18**	18
Sichuan Jinkang Electricity Development Company Limited	**130,830**	130,830
Shenzhen Datang Baochang Gas Power Generation Company Limited	**165,995**	165,995
	710,411	710,411
Coal segment		
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
Other segments		
Yuneng (Group) Company Limited	**18,040**	18,040
	899,886	899,886

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 ranged from 7.00% to 12.29% (2016: 7.00% to 12.29%).

Based on the assessments, the Group believes that there is no impairment of goodwill at 31 December 2017 and 2016.

22. INVESTMENTS IN ASSOCIATES

	2017 **RMB'000**	2016 RMB'000
Unlisted investments:		
Share of carrying amount of interests	**14,417,605**	8,562,286

22. INVESTMENTS IN ASSOCIATES (Continued)

Details of the Group's associates at 31 December 2017 are as follows:

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 (unless otherwise stated)	Percentage of equity interest	Principal activities
North China Electric Power Research Institute Company Limited ("North China Electric Research Institute")	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 mine construction and mining
Tangshan Huaxia Datang Power Fuel Company Limited	PRC	20,000	30%	Power fuel trading
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
Datang Wealth Management Co., Ltd. ("Datang Wealth Company") (ii)	PRC	100,000	15%	Investment management and advisory
Chongqing Fuling Water Resources Development Company Limited	PRC	120,000	42.10%	Hydropower technology development
Fujian Baima Harbour Railway Spur Line Company Limited	PRC	Registered capital: 150,000; paid-up capital: 316,500	25.45%	Railway transportation

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
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
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 ("CDC Nuclear Company")	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 generation
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 ("Tashan II Power Company")	PRC	200,000	40%	Power generation

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
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
Fujian Ningde Nuclear Power Company Limited ("Ningde Nuclear Power Company")	PRC	11,177,500	44%	Nuclear power plant construction and operations
Datang Yunnan Energy Marketing Company Limited ("Yunnan Marketing Company") (v)	PRC	200,000	15%	Research and development and application of renewable energy technology

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.

(v) Although the Group hold less than 20% equity interest in Yunnna Marketing Company, the directors of the Company consider that the Group exercises significant influence over Yunnan Marketing Company because the Group is entitled to appoint 1 director out of 5 directors of Yunnan Marketing Company.

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	North China Electric Research Institute		Tongfang Investment Company	
	2017	2016	**2017**	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Power related and technology service		Project investments and management	
% of ownership interests/voting rights held by the Group	**30%/30%**	30%/30%	**36.36%/36.36%**	36.36%/36.36%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**216,303**	215,028	**772,953**	776,682
Current assets	**311,353**	289,656	**646,655**	669,582
Non-current liabilities	**(188)**	(168)	**(4,245)**	(6,424)
Current liabilities	**(77,984)**	(59,746)	**(233,227)**	(267,616)
Net assets	**449,484**	444,770	**1,182,136**	1,172,224
Group's share of net assets	**134,845**	133,431	**429,825**	426,221
Others	**–**	(1,660)	**20**	90
Group's share of carrying amount of interests	**134,845**	131,771	**429,845**	426,311
Year ended 31 December:				
Revenue	**391,651**	409,997	**4,176**	4,283
Profit from continuing operations	**10,246**	28,989	**37,267**	175,618
Other comprehensive income	**–**	–	**(39,310)**	(5,339)
Total comprehensive income	**10,246**	28,989	**(2,043)**	170,279
Dividends received from associates	**–**	–	**–**	72,727

22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Tashan Power Company		Tashan Coal Company	
	2017	2016	2017	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Power generation		Coal mine construction and mining	
% of ownership interests/voting rights held by the Group	40%/40%	40%/40%	28%/28%	28%/28%
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December:				
Non-current assets	2,730,258	2,867,413	7,179,017	7,229,661
Current assets	537,485	683,130	6,446,502	5,285,583
Non-current liabilities	(1,320,349)	(1,396,999)	(1,072,940)	(1,389,169)
Current liabilities	(1,231,037)	(1,154,131)	(2,543,772)	(2,844,548)
Net assets	716,357	999,413	10,008,807	8,281,527
Group's share of net assets	286,543	399,765	2,807,896	2,317,658
Others	–	–	13,734	3,095
Group's share of carrying amount of interests	286,543	399,765	2,821,630	2,320,753
Year ended 31 December:				
Revenue	1,119,787	1,302,993	7,615,269	5,676,695
(Loss)/profit from continuing operations	(281,874)	142,907	1,454,976	349,805
Other comprehensive income	–	–	–	–
Total comprehensive income	(281,874)	142,907	1,454,976	349,805
Dividends received from associates	–	20,000	–	–

22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Datang Finance		Xiduo Railway Company	
	2017	2016	**2017**	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Financial services		Railway transportation services	
% of ownership interests/voting rights held by the Group	**15.89%/15.89%**	15.89%/15.89%	**34%/34%**	34%/34%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**25,578,123**	24,464,319	**10,911,030**	10,752,772
Current assets	**8,346,458**	6,629,521	**384,777**	270,832
Non-current liabilities	**–**	–	**(5,403,286)**	(5,757,896)
Current liabilities	**(27,019,880)**	(24,324,661)	**(2,569,749)**	(1,868,715)
Net assets	**6,904,701**	6,769,179	**3,322,772**	3,396,993
Group's share of net assets	**1,097,157**	1,075,623	**1,122,322**	1,147,685
Others	**8,140**	233	**237,026**	237,026
Group's share of carrying amount of interests	**1,105,297**	1,075,856	**1,359,348**	1,384,711
Year ended 31 December:				
Revenue	**1,085,553**	1,079,027	**1,659,765**	1,262,487
Profit/(loss) from continuing operations	**681,391**	815,441	**(76,925)**	(166,580)
Other comprehensive income	**(37,896)**	(263,105)	**–**	–
Total comprehensive income	**643,495**	552,336	**(76,925)**	(166,580)
Dividends received from associates	**79,822**	83,067	**–**	–

22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Datang Leasing Company		Baxin Railway Company	
	2017	2016	**2017**	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Finance leasing business		Railway construction	
% of ownership interests/voting rights held by the Group	**20%/20%**	20%/20%	**20%/20%**	20%/20%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**20,352,328**	17,230,863	**6,694,916**	6,617,024
Current assets	**4,881,915**	1,672,845	**1,647,871**	1,681,415
Non-current liabilities	**(2,111,738)**	(1,051,142)	**(5,852,936)**	(5,456,011)
Current liabilities	**(15,556,006)**	(15,485,642)	**(230,001)**	(314,265)
Net assets	**7,566,499**	2,366,924	**2,259,850**	2,528,163
Group's share of net assets	**502,355**	473,385	**450,970**	505,633
Others	**–**	–	**121,972**	121,909
Group's share of carrying amount of interests	**502,355**	473,385	**572,942**	627,542
Year ended 31 December:				
Revenue	**879,125**	855,275	**155,248**	75,065
Profit/(loss) from continuing operations	**249,942**	121,240	**(273,090)**	(31,346)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**249,942**	121,240	**(273,090)**	(31,346)
Dividends received from associates	**–**	20,000	**–**	–

22. INVESTMENTS IN ASSOCIATES (Continued)

Name	CDC Nuclear Company		Shangshan Property Company	
	2017	2016	**2017**	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Nuclear power development, construction and operations		Property development	
% of ownership interests/voting rights held by the Group	**40%/40%**	40%/40%	**60%/60%**	60%/60%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**659,014**	500,601	**37,718**	6,040
Current assets	**121,888**	186,219	**636,689**	793,822
Non-current liabilities	**–**	–	**–**	–
Current liabilities	**(575)**	(10,810)	**(483,120)**	(378,026)
Net assets	**780,327**	676,010	**191,287**	421,836
Group's share of net assets	**312,131**	270,404	**114,772**	253,102
Others	**(42,300)**	–	**10,693**	129
Group's share of carrying amount of interests	**269,831**	270,404	**125,465**	253,231
Year ended 31 December:				
Revenue	**10,189**	10,189	**96,591**	811,460
(Loss)/profit from continuing operations	**(1,414)**	(2,437)	**49,451**	128,255
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**(1,414)**	(2,437)	**49,451**	128,255
Dividends received from associates	**–**	–	**168,000**	–

22. INVESTMENTS IN ASSOCIATES (Continued)

Name	Tashan II Power Company		Ningde Nuclear Power Company	
	2017	2016	**2017**	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Power generation		Nuclear power construction and operation	
% of ownership interests/voting rights held by the Group	**40%/40%**	40%/40%	**44%/44%**	44%/44%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**3,705,336**	3,477,225	**48,323,533**	50,751,697
Current assets	**317,380**	468,326	**6,124,229**	7,241,982
Non-current liabilities	**(2,993,869)**	(2,867,284)	**(33,558,502)**	(38,456,008)
Current liabilities	**(40,329)**	(150,379)	**(9,173,943)**	(7,987,040)
Net assets	**988,518**	927,888	**11,715,317**	11,550,631
Group's share of net assets	**395,407**	371,155	**5,154,739**	5,082,278
Others	**–**	(48,000)	**652,155**	580,218
Group's share of carrying amount of interests	**395,407**	323,155	**5,806,894**	5,662,496
Year ended 31 December:				
Revenue	**1,263,254**	125,774	**9,124,022**	8,037,013
Profit from continuing operations	**80,630**	8,082	**1,646,857**	1,547,840
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**80,630**	8,082	**1,646,857**	1,547,840
Dividends received from associates	**–**	–	**612,945**	275,833

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.

	2017 RMB'000	2016 RMB'000
At 31 December:		
Carrying amounts of interests	**607,203**	875,402
Year ended 31 December:		
Loss from continuing operations	**(280,474)**	(83,982)
Other comprehensive income	–	–
Total comprehensive income	**(280,474)**	(83,982)

23. INVESTMENTS IN JOINT VENTURES

	2017 RMB'000	2016 RMB'000
Unlisted investments:		
Share of carrying amount of interests	**969,068**	6,629,938

Details of the Group's joint ventures at 31 December 2017 are as follows:

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 (unless otherwise stated)	Percentage of equity interest	Principal activities
Yuzhou Energy Multiple Company	PRC	1,176,834	50%	Power generation
Yuzhou Mining Company	PRC	1,079,157	49%	Coal mining and sales
Changtan Mining Company	PRC	50,000	40%	Coal mining and sales
CDC Hong Kong Company	Hong Kong	USD10,000,000	30%	International trade

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 2017	2016	Yuzhou Mining Company 2017	2016
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%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**5,470,493**	4,368,513	**6,368,258**	6,217,149
Current assets	**339,559**	198,823	**903,396**	347,320
Non-current liabilities	**(4,347,417)**	(2,989,580)	**(1,611,445)**	(1,426,208)
Current liabilities	**(442,614)**	(760,514)	**(4,555,282)**	(3,798,406)
Net assets	**1,020,021**	817,242	**1,104,927**	1,339,855
Group's share of net assets	**510,011**	408,621	**371,203**	450,153
Others	**(10,333)**	29,667	**(20,982)**	(20,982)
Group's share of carrying amount of interests	**499,678**	438,288	**350,221**	429,171
Cash and cash equivalents included in current assets	**148,325**	5,656	**368,449**	68,375
Current financial liabilities (excluding accounts and accrued liabilities and provisions) included in current liabilities	**–**	495,600	**(3,440,600)**	(2,771,143)
Non-current financial liabilities (excluding accounts and accrued liabilities and provisions) included in non-current liabilities	**(4,343,417)**	(2,989,580)	**(1,289,587)**	(1,172,353)
Year ended 31 December:				
Revenue	**129,083**	115,103	**1,565,502**	1,713,351
Depreciation and amortisation	**(11,728)**	(17,886)	**(212,611)**	(56,598)
Interest income	**50**	53	**547**	412
Interest expense	**(47,274)**	(50,074)	**(74,856)**	(51,039)
Income tax credit	**–**	–	**5,230**	4,891
(Loss)/profit from operations and total comprehensive income	**(111,220)**	(43,900)	**(234,929)**	24,034

23. INVESTMENTS IN JOINT VENTURES (Continued)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial joint ventures that are accounted for using the equity method.

	2017 RMB'000	2016 RMB'000
At 31 December:		
Carrying amounts of interests	**119,169**	99,983
Year ended 31 December:		
Loss from continuing operations	**(416)**	–
Other comprehensive income	–	–
Total comprehensive income	**(416)**	–

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 RMB'000	2016 RMB'000
Equity securities, at fair value		
Listed in Hong Kong	**279,289**	205,624
Unlisted equity securities, at cost	**4,650,702**	4,809,545
Less: Impairment losses	**(24,078)**	(24,078)
	4,626,624	4,785,467
	4,905,913	4,991,091

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 2017 (2016: nil). The benefits were amortised over the remaining average service life of the relevant employees.

	RMB'000
Cost	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	**653,269**
Accumulated amortisation	
At 1 January 2016	649,909
Charge for the year	3,360
At 31 December 2016 and, 1 January 2017 and 31 December 2017	**653,269**
Carrying amount	
At 31 December 2017	–
At 31 December 2016	–

26. LONG-TERM ENTRUSTED LOANS TO AN ASSOCIATE

	2017 RMB'000	2016 RMB'000
Entrusted loans to an associate	133,386	125,188
Less: Current portion of long-term entrusted loans to an associate	(122,079)	(100,000)
	11,307	25,188

At 31 December 2017, the long-term entrusted loans to an associate carried interest rate ranging from 4.75% to 5.50% (2016: 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 year (2016: 1 and 2 years) from the end of the reporting period.

27. OTHER NON-CURRENT ASSETS

	2017 RMB'000	2016 RMB'000
Long-term receivables	131,841	143,491
Long-term prepaid expenses	140,671	163,592
Prepayments for equipment	3,558,108	3,191,735
Others	970,440	694,227
	4,801,060	4,193,045
Less: Current portion of other non-current assets	(76,188)	(11,656)
	4,724,872	4,181,389

28. INVENTORIES

	2017 RMB'000	2016 RMB'000
Raw materials	2,641,112	2,502,611
Finished goods	28,339	39,985
Others	247,372	223,977
	2,916,823	2,766,573

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:

	2017 RMB'000	2016 RMB'000
Accounts receivables from third parties	8,967,764	7,428,574
Notes receivables from third parties	804,094	497,811
Accounts receivables from related parties	176,857	77,336
	9,948,715	8,003,721

The Group usually grants credit period of approximately one month to local power grid customers and coal sales customers from the month end after sales and sale transactions made, respectively.

The ageing analysis of accounts and notes receivables is as follows:

	2017 RMB'000	2016 RMB'000
Within one year	9,431,502	7,474,919
Between one to two years	284,564	134,428
Between two to three years	45,627	227,320
Over three years	187,022	167,054
	9,948,715	8,003,721

At 31 December 2017, the Group applied tariff collection rights in securing loans for which details please refer to note 35 to the consolidated financial statements.

29. ACCOUNTS AND NOTES RECEIVABLES (Continued)

Reconciliation of allowance for accounts and notes receivables:

	2017 RMB'000	2016 RMB'000
At 1 January	685,434	684,139
Allowance for the year	151,442	1,295
At 31 December	836,876	685,434

At 31 December 2017, accounts and notes receivables of RMB517,213 thousand (2016: RMB528,802 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 sales, and the directors believe that such receivables can be recovered because such local thermal companies and customers of coal sales had no recent history of default. The ageing analysis of these accounts and notes receivables is as follows:

	2017 RMB'000	2016 RMB'000
Between one to two years	284,564	134,428
Between two to three years	45,627	227,320
Over three years	187,022	167,054
	517,213	528,802

30. PREPAYMENTS AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000
Prepayments		
Prepayments for fuel and materials	131,676	540,826
Prepayments for construction	169,899	562,069
VAT recoverable	1,126,388	1,412,090
Other taxes recoverable	1,043	3,205
Prepayments to related parties	592,787	179,642
Prepayments for transportation cost	20,227	14,341
Others	111,386	179,253
	2,153,406	2,891,426
Other receivables		
Advanced payments for construction	379,672	431,812
Receivables from disposals of property, plant and equipment	101,088	137,646
Staff advances	5,034	3,049
Staff housing maintenance fund deposits	15,780	16,295
Receivables from sales of materials	15,185	13,388
Receivables from related parties	123,637	157,352
Other deposits	8,076	108,405
Dividends receivables	361,757	173,757
Government grant receivables	11,318	7,759
Prepayments for fuel recoverable	1,527,867	1,530,367
Others	198,253	262,637
	2,747,667	2,842,467
Allowance for doubtful debts	(1,363,301)	(1,317,262)
	1,384,366	1,525,205
	3,537,772	4,416,631

30. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Reconciliation of allowance for other receivables:

	2017 RMB'000	2016 RMB'000
At 1 January	**1,317,262**	1,349,078
Allowance for the year	**46,039**	27,938
Amount written off	**–**	(3,404)
Reversal of allowance	**–**	(56,350)
At 31 December	**1,363,301**	1,317,262

31. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2017 RMB'000	2016 RMB'000
Bank deposits	**195,928**	125,568
Deposits with Datang Finance	**4,425,738**	4,402,754
Cash on hand	**48**	45
	4,621,714	4,528,367
Restricted deposits included in bank deposits	**(429,345)**	(27,683)
Cash and cash equivalents	**4,192,369**	4,500,684

The carrying amounts of the Group's cash and cash equivalents and restricted deposits are denominated in the following currencies:

	2017 RMB'000	2016 RMB'000
RMB	**4,566,580**	4,481,582
USD	**54,806**	46,166
HKD	**43**	334
Indonesian Rupiah	**285**	285
	4,621,714	4,528,367

32. SHARE CAPITAL

	Number of shares			Amount		
	A shares (i)	H shares (i)	Total	A shares (i)	H shares (i)	Total
	'000	'000	'000	RMB'000	RMB'000	RMB'000
Registered, issued and fully paid:						
Shares of RMB1 (2016: RMB1) each						
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	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 assets-to-liabilities ratio. This ratio is calculated as total liabilities divided by total assets. The assets-to-liabilities ratio of the Group as at 31 December 2017 was 74.49% (2016: 74.80%).

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.

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2017 RMB'000	2016 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**15,855,273**	15,491,187
Investment properties	**202,225**	210,504
Intangible assets	**56,021**	58,182
Investments in subsidiaries	**30,824,978**	29,238,877
Investments in associates	**14,100,635**	8,177,870
Investments in joint ventures	**949,881**	6,629,938
Available-for-sale financial assets	**3,932,379**	4,102,472
Long-term entrusted loans to subsidiaries	**2,116,627**	2,296,956
Long-term entrusted loan to an associate	**11,307**	4,063
Deferred tax assets	**2,746,522**	2,746,522
Other non-current assets	**184,542**	192,641
Total non-current assets	**70,980,390**	69,149,212
Current assets		
Inventories	**316,420**	280,452
Accounts and notes receivables	**1,573,630**	1,498,741
Prepayments and other receivables	**1,079,400**	1,371,624
Tax recoverable	**126,706**	287,265
Current portion of long-term entrusted loans to subsidiaries	**2,457,110**	2,427,000
Current portion of long-term entrusted loan to an associate	**100,000**	100,000
Cash and cash equivalents	**1,047,695**	1,893,255
Total current assets	**6,700,961**	7,858,337
TOTAL ASSETS	**77,681,351**	77,007,549

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Statement of financial position of the Company (Continued)

	2017 RMB'000	2016 RMB'000
EQUITY AND LIABILITIES		
Equity		
Share capital	13,310,038	13,310,038
Reserves	21,765,754	30,454,519
Retained earnings/(accumulated losses)		
Proposed dividends	1,665,604	–
Others	2,098,891	(8,393,720)
Total equity	38,840,287	35,370,837
Non-current liabilities		
Long-term loans	3,340,000	6,140,000
Long-term bonds	15,444,381	15,426,755
Deferred income	414,259	398,413
Other non-current liabilities	–	7,000
Total non-current liabilities	19,198,640	21,972,168
Current liabilities		
Accounts payables and accrued liabilities	2,771,246	1,935,768
Taxes payables	167,878	161,874
Short-term loans	14,390,000	2,000,000
Short-term bonds	–	14,182,902
Current portion of non-current liabilities	2,313,300	1,384,000
Total current liabilities	19,642,424	19,664,544
Total liabilities	38,841,064	41,636,712
TOTAL EQUITY AND LIABILITIES	77,681,351	77,007,549
NET CURRENT LIABILITIES	(12,941,463)	(11,806,207)

Approved by the Board of Directors on 29 March 2018 and are signed on its behalf by:

Wang Xin　　　　Ying Xuejun

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Available-for-sale financial assets revaluation reserve RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000
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
At 1 January 2017	9,926,181	5,030,331	15,504,876	(6,869)	(8,393,720)	22,060,799
Total comprehensive income for the year	–	–	–	(19,948)	3,492,725	3,472,777
Transfer to surplus reserve	–	–	349,675	–	(349,675)	–
Transfer from surplus reserve	–	–	(9,015,165)	–	9,015,165	–
Others	(3,327)	–	–	–	–	(3,327)
At 31 December 2017	9,922,854	5,030,331	6,839,386	(26,817)	3,764,495	25,530,249

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.

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.

35. LONG-TERM LOANS

	2017 RMB'000	2016 RMB'000
Long-term bank loans	88,370,077	84,007,660
Other long-term loans	11,276,290	13,907,250
	99,646,367	97,914,910

Long-term loans are repayable as follows:

	2017			2016		
	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
Within one year	9,434,237	1,799,000	11,233,237	6,436,337	1,312,457	7,748,794
More than one year, but not exceeding two years	9,267,504	4,653,000	13,920,504	8,639,715	2,899,100	11,538,815
More than two years, but not more than five years	23,275,921	3,114,800	26,390,721	24,476,754	6,995,300	31,472,054
More than five years	46,392,415	1,709,490	48,101,905	44,454,854	2,700,393	47,155,247
	88,370,077	11,276,290	99,646,367	84,007,660	13,907,250	97,914,910
Less: Amount due for settlement within 12 months (shown under current liabilities)	(9,434,237)	(1,799,000)	(11,233,237)	(6,436,337)	(1,312,457)	(7,748,794)
Amount due for settlement after 12 months	78,935,840	9,477,290	88,413,130	77,571,323	12,594,793	90,166,116

35. LONG-TERM LOANS (Continued)

Long-term loans are classified as follows:

	2017			2016		
	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	22,333,349	–	22,333,349	30,513,550	–	30,513,550
Guaranteed loans	4,123,984	7,320,000	11,443,984	3,433,550	9,486,650	12,920,200
Unsecured loans	61,912,744	3,956,290	65,869,034	50,060,560	4,420,600	54,481,160
	88,370,077	11,276,290	99,646,367	84,007,660	13,907,250	97,914,910
Less: Amount due for settlement within 12 months (shown under current liabilities)						
Secured loans	(3,260,179)	–	(3,260,179)	(2,923,357)	–	(2,923,357)
Guaranteed loans	(1,297,585)	(1,750,000)	(3,047,585)	(312,425)	(1,088,857)	(1,401,282)
Unsecured loans	(4,876,473)	(49,000)	(4,925,473)	(3,200,555)	(223,600)	(3,424,155)
	(9,434,237)	(1,799,000)	(11,233,237)	(6,436,337)	(1,312,457)	(7,748,794)
Non-current portion						
Secured loans	19,073,170	–	19,073,170	27,590,193	–	27,590,193
Guaranteed loans	2,826,399	5,570,000	8,396,399	3,121,125	8,397,793	11,518,918
Unsecured loans	57,036,271	3,907,290	60,943,561	46,860,005	4,197,000	51,057,005
	78,935,840	9,477,290	88,413,130	77,571,323	12,594,793	90,166,116

35. LONG-TERM LOANS (Continued)

The carrying amounts of the Group's long-term loans are denominated in the following currencies:

	2017			2016		
	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
RMB	**88,136,288**	**11,276,290**	**99,412,578**	83,759,457	13,740,600	97,500,057
USD	**233,789**	**–**	**233,789**	248,203	166,650	414,853
	88,370,077	**11,276,290**	**99,646,367**	84,007,660	13,907,250	97,914,910

The interest rates for long-term loans per annum at 31 December were as follows:

	2017	2016
Long-term bank loans	**2.70% – 4.90%**	2.75% – 4.90%
Other long-term loans	**4.41% – 6.22%**	1.35% – 6.22%

Long-term loans of RMB5,215,234 thousand (2016: RMB5,767,051 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 2017, long-term bank loans amounted to RMB1,471,000 thousand (2016: RMB1,590,000 thousand) were secured by the following assets:

	2017 RMB'000	2016 RMB'000
Property, plant and equipment	**3,703,915**	3,754,550

35. LONG-TERM LOANS (Continued)

At 31 December 2017, long-term bank loans amounted to RMB20,862,349 thousand (2016: RMB28,923,550 thousand) were secured by the following assets of the Group:

	2017 **RMB'000**	2016 RMB'000
Tariff collection rights	**5,014,195**	3,710,906
Others	**1,004,713**	1,033,964
	6,018,908	4,744,870

At 31 December 2017, long-term bank loans amounted to RMB4,123,984 thousand (2016: RMB3,433,550 thousand) were guaranteed by the following parties:

	2017 **RMB'000**	2016 RMB'000
The Company	**4,088,244**	3,214,005
Certain non-controlling shareholders of subsidiaries	**–**	169,525
Others	**35,740**	50,020
	4,123,984	3,433,550

At 31 December 2017, other long-term loans amounted to RMB794,600 thousand (2016: RMB794,600 thousand) which were borrowed from China Datang were unsecured and interest-bearing ranging from 4.75% to 5.40% (2016: 4.75% to 5.40%) per annum.

At 31 December 2017, other long-term loans amounted to RMB3,161,690 thousand (2016: RMB3,626,000 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing ranging from 4.41% to 4.90% (2016: 4.35% to 4.75%) per annum.

At 31 December 2017, other long-term loans included a loan amounted to nil (2016: RMB166,650 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 2017, another other long-term loans amounted to RMB2,000,000 thousand (2016: RMB3,000,000 thousand) were also guaranteed by China Datang.

At 31 December 2017, other long-term loans amounted to RMB5,320,000 thousand (2016: RMB6,320,000 thousand) were guaranteed by the Company.

36. LONG-TERM BONDS

	2017 RMB'000	2016 RMB'000
Medium-term notes (i)	**3,490,144**	3,482,191
Corporate bonds (ii)	**11,954,237**	11,944,564
	15,444,381	15,426,755

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 (2016: RMB3.5 billion). Such medium-term notes are of 5-year term with fixed annual coupon and effective interest rates of 5.20% (2016: 5.20%) and 5.41% (2016: 5.41%), respectively. At 31 December 2017, accrued interest for these notes amounted to RMB68,807 thousand (2016: RMB65,819 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 (2016: RMB12 billion). Such bonds, which are secured by China Datang and of which 65.29% (2016: 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 2017, accrued interest for these bonds amounted to RMB363,910 thousand (2016: RMB308,732 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.

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 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 and 1 January 2017	4,003	2,682,421	343,838	42,048	188,232	92,701	66,973	3,420,216
(Charge)/credit to profit or loss for the year	(133)	247,844	(9,634)	(594)	378	–	(5,063)	232,798
At 31 December 2017	3,870	2,930,265	334,204	41,454	188,610	92,701	61,910	3,653,014

38. DEFERRED TAX (Continued)

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 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)
Charge to other comprehensive income for the year	–	–	–	–	6	–	6
Disposals of subsidiaries	–	–	(24,002)	–	–	–	(24,002)
At 31 December 2016 and 1 January 2017	551,876	–	7,776	–	958	2,651	563,261
(Credit)/charge to profit or loss for the year	(16,045)	–	139	–	–	(173)	(16,079)
Credit to other comprehensive income for the year	–	–	–	–	(158)	–	(158)
At 31 December 2017	535,831	–	7,915	–	800	2,478	547,024

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2017 RMB'000	2016 RMB'000
Deferred tax assets	3,637,796	3,420,216
Deferred tax liabilities	(531,806)	(563,261)
	3,105,990	2,856,955

38. DEFERRED TAX (Continued)

No deferred tax asset has been recognised in respect of certain unused tax losses of RMB16,037,467 thousand (2016: RMB4,230,077 thousand) due to the unpredictability of future profit streams. The related unrecognised tax losses will expire in the following years ending 31 December:

	2017 RMB'000	2016 RMB'000
2017	–	315,897
2018	338,644	370,204
2019	1,120,567	1,141,630
2020	1,417,241	1,422,226
2021	972,261	980,120
2022	12,188,754	–
	16,037,467	4,230,077

39. OTHER NON-CURRENT LIABILITIES

	2017 RMB'000	2016 RMB'000
Finance lease payables	10,335,128	11,815,872
Others	13,450	21,150
	10,348,578	11,837,022
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,288,335)	(2,505,960)
	7,060,243	9,331,062

39. OTHER NON-CURRENT LIABILITIES (Continued)

Finance lease payables

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**3,774,545**	2,857,067	**3,275,035**	2,491,960
In the second to fifth years, inclusive	**6,711,411**	8,470,791	**5,893,476**	7,224,006
After five years	**1,249,383**	2,195,199	**1,166,617**	2,099,906
	11,735,339	13,523,057	**10,335,128**	11,815,872
Less: Future finance charges	**(1,400,211)**	(1,707,185)	**N/A**	N/A
Present value of lease obligations	**10,335,128**	11,815,872	**10,335,128**	11,815,872
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(3,275,035)**	(2,491,960)
Amount due for settlement after 12 months			**7,060,093**	9,323,912

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 7 years (2016: 8 years). At 31 December 2017, the average effective borrowing rate was 4.76% (2016: 4.65%) 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.

39. OTHER NON-CURRENT LIABILITIES (Continued)

The Group's finance lease payables amounted to RMB1,036,355 thousand (2016: RMB1,850,230 thousand) were secured by the following assets of the Group:

	2017 RMB'000	2016 RMB'000
Restricted deposits, all of which will be refunded after settlements of last instalments of respective finance lease arrangements	**56,153**	96,881
Tariff collection rights	–	86,618
	56,153	183,499

At 31 December 2017, finance lease payables amounted to RMB4,097,924 thousand (2016: RMB5,339,835 thousand) which were due to associates were unsecured and interest-bearing ranging from 4.27% to 5.59% (2016: 4.19% to 5.59%) per annum.

At 31 December 2017, finance lease payables amounted to RMB2,338,430 thousand (2016: RMB1,855,043 thousand) which were due to a subsidiary of China Datang were unsecured and interest-bearing ranging from 4.41% to 6.00% (2016: 4.27% to 4.90%) per annum.

At 31 December 2017, finance lease payables guaranteed by the Company amounted to RMB1,005,469 thousand (2016: RMB1,233,239 thousand).

40. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	2017 RMB'000	2016 RMB'000
Accounts and notes payables		
Fuel and materials payables to third parties	6,162,446	4,533,106
Fuel and materials payables to related parties	462,178	535,197
Notes payables to third parties	827,169	1,397,532
Notes payables to related parties	312,922	790,917
	7,764,715	7,256,752
Construction payables to third parties	7,973,555	7,716,532
Construction payables to related parties	704,440	553,574
Acquisition considerations payables	–	434
Receipts in advance from third parties	163,249	171,848
Receipts in advance from related parties	10,809	10,560
Salaries and welfares payables	30,548	71,768
Interests payables	672,723	556,470
Other payables to related parties	1,502,799	1,028,777
Others	3,685,494	3,029,756
	22,508,332	20,396,471

The ageing analysis of the accounts and notes payables is as follows:

	2017 RMB'000	2016 RMB'000
Within one year	6,682,343	6,586,715
Between one to two years	586,222	273,194
Between two to three years	284,719	190,362
Over three years	211,431	206,481
	7,764,715	7,256,752

41. SHORT-TERM LOANS

	2017 RMB'000	2016 RMB'000
Short-term bank loans	21,620,530	9,666,875
Other short-term loans	2,820,910	1,343,300
	24,441,440	11,010,175

Short-term loans are classified as follows:

	2017			2016		
	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000
Secured loans	–	–	–	14,000	–	14,000
Guaranteed loans	140,000	–	140,000	100,000	–	100,000
Unsecured loans	21,480,530	2,820,910	24,301,440	9,552,875	1,343,300	10,896,175
	21,620,530	2,820,910	24,441,440	9,666,875	1,343,300	11,010,175

The carrying amounts of the Group's short-term loans are denominated in the following currencies:

	2017			2016		
	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000
RMB	21,396,105	2,820,910	24,217,015	9,587,120	1,343,300	10,930,420
USD	224,425	–	224,425	79,755	–	79,755
	21,620,530	2,820,910	24,441,440	9,666,875	1,343,300	11,010,175

41. SHORT-TERM LOANS (Continued)

The interest rates for short-term loans per annum at 31 December were as follows:

	2017	2016
Short-term bank loans	**2.46% – 4.35%**	1.95% – 4.35%
Other short-term loans	**3.92% – 4.35%**	3.65% – 4.35%

Short-term loans of RMB6,334,859 thousand (2016: RMB3,911,055 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 2017, short-term bank loans amounted to nil (2016: RMB14,000 thousand) were secured by certain tariff collection rights of the Group.

At 31 December 2017, short-term bank loans amounted to RMB140,000 thousand (2016: RMB100,000 thousand) were guaranteed by the Company.

At 31 December 2017, other short-term loans amounted to RMB2,820,910 thousand (2016: RMB1,336,500 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing ranging from 3.92% to 4.35% (2016: 3.65% to 4.35%) per annum.

42. 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 at par value of RMB100 each with annual coupon and effective interest rate of ranging from 2.53% to 2.78% and matured within 12 months.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation from profit/(loss) before tax to cash generated from operations

	2017 RMB'000	2016 RMB'000
Profit/(loss) before tax		
Continuing operations	3,324,272	8,441,267
Discontinued operations	–	(7,314,718)
	3,324,272	1,126,549
Adjustments for:		
Depreciation of property, plant and equipment	11,243,652	11,989,547
Depreciation of investment properties	19,603	21,941
Amortisation of intangible assets	27,615	32,429
Amortisation of long-term prepaid expenses	50,783	49,235
Amortisation of deferred income	(484,808)	(332,511)
Amortisation of deferred housing benefits	–	3,360
Net gains on disposals of property, plant and equipment	(4,874)	(5,076)
Loss on disposals of intangible assets	–	26
Write-off of property, plant and equipment	–	3,098
Interest income	(49,311)	(47,521)
Finance costs	5,891,866	6,624,597
Investment income	(167,976)	(174,066)
Impairment losses on property, plant and equipment	19,649	–
Allowance for inventories	306,675	–
Allowance for accounts receivables	151,442	1,295
Allowance for other receivables	46,039	27,938
Reversal of allowance for other receivables	–	(56,350)
Shares of profits of associates	(1,044,591)	(363,200)
Shares of losses/(profits) of joint ventures	134,976	(698,246)
Other (gains)/losses	(266,625)	4,427,257
Operating profit before working capital changes	19,198,387	22,630,302
Increase in inventories	(446,012)	(312,284)
Increase in accounts and notes receivables	(2,096,483)	(954,287)
Decrease in prepayments and other receivables	742,357	309,544
Increase in accounts payables and accrued liabilities	1,905,885	1,358,793
Increase in taxes payables	19,608	98,041
Cash generated from operations	19,323,742	23,130,109

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Major disposals of subsidiaries

On 27 May 2017, the Group disposed of all its equity interest in a wholly-owned subsidiary, Chongqing Yuneng Yangzi Power Company Limited.

Net assets at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	5,684
Intangible assets	12
Inventories	3
Accounts receivables	49
Cash and cash equivalents	40
Long-term loan	(2,900)
Accounts payables and accrued liabilities	(686)
Taxes payables	(44)
Net assets disposed of	2,158
Gain on disposal of a subsidiary	21,523
Total consideration – satisfied by cash	23,681
Net cash inflow arising on disposal:	
Cash consideration received	23,681
Cash and cash equivalents disposed of	(40)
	23,641

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").

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Major disposals of subsidiaries (Continued)

Net (liabilities)/assets at the date of disposals were as follows:

	Disposal Group RMB'000	Biyuhe Hydropower Company RMB'000	Yangxi Wind Power Company RMB'000	Total RMB'000
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)
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)

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Acquisition of non-controlling interests

During the year ended 31 December 2016, 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:

	RMB'000
Carrying amount of non-controlling interests increased	**207,366**
Loss on acquisition of non-controlling interests	**(207,366)**

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Note	At 1 January 2017 RMB'000	Cash inflow from financing activities RMB'000	Cash outflows from financing activities RMB'000	Non-cash changes – interest expense/ finance lease charges RMB'000	Non-cash changes – new leases RMB'000	At 31 December 2017 RMB'000
Long-term loans (including current portion)	35	97,914,910	13,273,213	(11,541,756)	–	–	99,646,367
Long-term bonds	36	15,426,755	–	–	17,626	–	15,444,381
Finance lease payables (including current portion)	39	11,815,872	711,000	(2,767,588)	518,253	57,591	10,335,128
Short-term loans	41	11,010,175	44,374,618	(30,943,353)	–	–	24,441,440
Short-term bonds	42	14,182,902	177,000	(14,485,000)	125,098	–	–
		150,350,614	58,535,831	(59,737,697)	660,977	57,591	149,867,316

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(e) Material non-cash transactions

Additions to property, plant and equipment during the year of RMB57,592 thousand (2016: nil) were financed by finance leases.

44. 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:

	2017 RMB'000	2016 RMB'000
Associates	**838,726**	1,020,080
Joint ventures	**102,410**	214,405
Associates of China Datang	**14,030,000**	14,106,000
	14,971,136	15,340,485

Based on historical experience, no claims have been made against the Group since the date of granting of the above financial guarantees.

45. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2017 RMB'000	2016 RMB'000
Property, plant and equipment	9,280,832	12,553,338
Share of capital commitments of joint ventures	–	51,404
Share of capital commitments of an associate	3,401,467	–
	12,682,299	12,604,742

46. LEASE COMMITMENTS

At 31 December 2017 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 RMB'000	2016 RMB'000
Within one year	46,962	34,448
In the second to fifth years inclusive	21,566	16,276
After five years	9,000	10,800
	77,528	61,524

47. 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

	2017 RMB'000	2016 RMB'000
China Datang Group		
Purchase of electricity	–	8,026
Sales of fuel (i)	30,112	–
Alternative power generation income (i)	147,154	201,137
Provision of desulfurisation and denitrification services	–	12,000
Provision of technical support services	1,945	3,197
Provision of property management services	326	346
Purchases of materials and equipment (ii)	1,193,600	1,549,951
Purchases of fuel (iii)	238,018	160,950
Purchase of properties (iv)	–	105,635
Receipt of construction consulting services	30,116	26,846
Operating lease expenses for buildings and facilities	13,369	15,562
Receipt of repairs and maintenance services	24,648	34,919
Receipt of desulfurisation and denitrification and technological transformation services (v)	1,416,003	1,221,589
Receipt of construction supervision services	323	5,483
Receipt of technical supervision services (i)	123,678	78,069
Receipt of technical support services (vi)	94,487	9,635
Receipt of management services	21,336	23,068
Receipt of finance lease services (i)	733,591	1,590,000
Drawdown of loans	–	751,000
Interest expense on loans	38,527	29,889
Receipt of agency and custody services	–	1,132
Rental income	9,244	4,088

47. 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 (Continued)

	2017 RMB'000	2016 RMB'000
Associates of China Datang		
Interest income on entrusted loans	–	31,237
Associates of the Group		
Receipt of technical support services	15,666	46,630
Receipt of finance lease services (i)	35,000	400,000
Rental income	1,414	701
Drawdown of loans	9,916,820	12,197,800
Interest expense on loans (vii)	202,841	260,744
Interest income on deposits (i)	66,260	46,118
Interest income on entrusted loans	7,734	3,374
Joint ventures of the Group		
Purchases of fuel	–	276,171

During the year, China Datang injected capital to three (2016: three) subsidiaries of the Company totalled RMB249,659 thousand (2016: RMB440,926 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 (ii) (2016: RMB3,000 thousand (iv)) and RMB17,000 thousand (ii) (2016: RMB17,000 thousand (iv)) respectively.

During the year ended 31 December 2016, the Company injected capital to one of its associates which are the subsidiaries of China Datang totalled RMB120,000 thousand.

During the year ended 31 December 2016, the Company acquired 10.65% equity interest in one of its subsidiaries from a subsidiary of China Datang at a consideration of RMB1 (ii).

47. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

(ii) Financial guarantees and financing facilities with China Datang Group and associates and joint ventures of the Group

	2017 RMB'000	2016 RMB'000
China Datang Group		
Long-term loans of the Group guaranteed by China Datang	**2,000,000**	3,099,990
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	**14,030,000**	14,106,000
Associates of the Group		
Long-term loans of associates guaranteed by the Company	**838,726**	1,020,080
Integrated credit facilities provided by an associate	**24,000,000**	24,000,000
Joint ventures of the Group		
Long-term loans of joint ventures guaranteed by the Company	**102,410**	139,405
Short-term loan of a joint venture guaranteed by the Company	**–**	75,000

47. 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 2017 and 2016, 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 2017 and 2016, 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

	2017 RMB'000	2016 RMB'000
Basic salaries and allowances	**1,652**	2,216
Bonus	**1,384**	3,993
Retirement benefits	**156**	179
Other benefits	**635**	738
	3,827	7,126

Further details of directors' and supervisors' remunerations are included in note 14 to the consolidated financial statements.

47. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties

(i) Significant balances with China Datang Group and associates of the Group

	2017 RMB'000	2016 RMB'000
China Datang Group		
Deposits paid for property, plant and equipment (included in other non-current assets)	**58,891**	17,943
Accounts receivables	**170,615**	77,336
Prepayments and other receivables	**621,226**	336,994
Accounts payables and accrued liabilities	**2,788,677**	2,176,849
Long-term loans (including current portion)	**794,600**	794,600
Other non-current liabilities (including current portion)	**2,338,430**	1,855,043
Associates of the Group		
Long-term entrusted loans (including current portion)	**119,810**	125,188
Accounts receivables	**6,242**	–
Prepayments and other receivables	**95,198**	–
Short-term loans	**2,820,910**	1,336,500
Accounts payables and accrued liabilities	**204,471**	742,176
Long-term loans (including current portion)	**3,161,690**	3,626,000
Other non-current liabilities (including current portion)	**4,097,924**	5,339,835

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, 41, 39 and 26 respectively to the consolidated financial statements.

47. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

(ii) Significant balances with Government-Related Entities

At 31 December 2017, 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 RMB86,659,293 thousand (2016: RMB83,926,109 thousand) and RMB21,366,105 thousand (2016: RMB9,615,208 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) 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.

(ii) Certain transactions totalled RMB779,803 thousand (2016: RMB1,359,865 thousand) and RMB213,654 thousand (2016: RMB84,234 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.

(iii) Certain transactions totalled RMB237,075 thousand (2016: RMB160,816 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.

(iv) 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.

(v) Certain transactions totalled RMB1,231,573 thousand (2016: RMB973,994 thousand) and RMB86,004 thousand (2016: RMB238,381 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.

(vi) Certain transactions totalled RMB62,614 thousand (2016: nil) 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 RMB202,841 thousand (2016: RMB259,612 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.

48. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2017 are as follows:

(a) Subsidiaries acquired from business combination under common control

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000	Percentage of equity interest Direct	Indirect	Principal activities
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 RMB'000 (unless otherwise stated)	Percentage of equity interest Direct	Indirect	Principal activities
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
Gansu Datang International Liancheng Power Generation Company Limited	PRC	275,500	55%	–	Power generation

48. 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 (unless otherwise stated)	Percentage of equity interest Direct	Percentage of equity interest Indirect	Principal activities
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	52.50%	–	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%	24.50%	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

48. 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 (unless otherwise stated)	Percentage of equity interest Direct	Indirect	Principal activities
Sichuan Datang International Ganzi Hydropower Development Company Limited ("Ganzi Hydropower Company")	PRC	1,625,063	52.50%	–	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

48. 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 (unless otherwise stated)	Percentage of equity interest Direct	Indirect	Principal activities
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
Inner Mongolia Datang International Haibowan Water Conservancy Hub Development Company Limited	PRC	133,910	100%	–	Hydropower generation
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	PRC	60,000	51%	–	Power generation and heat supply

48. 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 (unless otherwise stated)	Percentage of equity interest Direct	Indirect	Principal activities
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	1,915,418	100%	–	Hydropower generation
Qinghai Datang International Golmud Photovoltaic Power Generation Company Limited	PRC	135,970	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	365,250	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 Renewable Power Company Limited	PRC	493,110	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

48. 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 (unless otherwise stated)	Percentage of equity interest Direct	Indirect	Principal activities
Guangdong Datang International Renewable Power Company Limited	PRC	56,940	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	364,980	100%	–	Wind power generation
Sichuan Datang International Renewable Power Company Limited	PRC	22,750	100%	–	Power plant construction and operations
Liaoning Datang International Shendong Thermal Power Company Limited	PRC	402,680	100%	–	Power generation and heat supply
Guangdong Datang International Leizhou Power Generation Company Limited ("Leizhou Power Company") (ii)	PRC	441,140	34%	–	Power plant construction and operation
Hebei Datang International Tangshan Beijiao Thermal Power Generation Company Limited	PRC	37,910	100%	–	Power plant construction and operation
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	84,530	60%	–	Power generation and heat supply
Liaoning Datang International Huludao Thermal Power Company Limited	PRC	63,650	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 and heat supply
Liaoning Datang International Shenfu Thermal Power Company Limited	PRC	5,000	100%	–	Power generation and heat supply

48. 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 (unless otherwise stated)	Percentage of equity interest Direct	Indirect	Principal activities
Zhejiang Datang Power Marketing Company Limited	PRC	Registered capital: 201,000; paid-up capital: 20,000	100%	–	Power purchase and sale
Fujian Datang Power Marketing Company Limited	PRC	Registered capital: 201,000; paid-up capital: 20,000	100%	–	Power purchase and sale
Datang Jingjinji Power Marketing Company Limited	PRC	Registered capital: 201,000; paid-up capital: 20,000	100%	–	Power and heat supply
Liaoning Datang International Huludao Heat Power Company Limited	PRC	5,000	100%	–	Heat supply
Hebei Datang International Fengrun Heat Supply and Gas Supply Company Limited	PRC	5,000	90%	–	Heat supply

48. 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.

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (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	
	2017	2016	2017	2016
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%
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December:				
Non-current assets	3,656,749	3,407,456	1,383,489	1,305,780
Current assets	498,768	338,820	531,756	661,949
Non-current liabilities	(1,026,054)	(1,022,770)	–	(13,000)
Current liabilities	(706,216)	(524,145)	(573,230)	(480,007)
Net assets	2,423,247	2,199,361	1,342,015	1,474,722
Accumulated NCI	1,117,385	1,015,005	335,503	368,680
Year ended 31 December:				
Revenue	599,832	556,141	1,577,158	1,608,656
Profit from continuing operations	223,885	193,581	125,629	287,040
Total comprehensive income	223,885	193,581	125,629	287,040
Profit allocated to NCI	103,323	89,338	31,407	71,760
Dividends paid to NCI	–	(144,841)	(64,584)	(102,180)
Net cash generated from operating activities	417,442	478,933	267,590	528,948
Net cash used in investing activities	(259,595)	(27,061)	(51,448)	(200,839)
Net cash used in financing activities	(136,704)	(453,628)	(259,798)	(282,885)
Net increase/(decrease) in cash and cash equivalents	21,143	(1,756)	(43,656)	45,224

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Tuoketuo Power Company		Shentou Power Company	
	2017	2016	**2017**	2016
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%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**5,933,347**	7,422,178	**1,474,017**	1,711,782
Current assets	**2,735,186**	1,030,589	**213,525**	236,934
Non-current liabilities	**(3,056,511)**	(3,138,753)	**(110,533)**	(70,501)
Current liabilities	**(2,564,028)**	(1,766,235)	**(687,842)**	(782,445)
Net assets	**3,047,994**	3,547,779	**889,167**	1,095,770
Accumulated NCI	**1,214,689**	1,419,111	**355,666**	438,308
Year ended 31 December:				
Revenue	**5,046,488**	4,649,318	**1,081,289**	1,158,424
Profit/(loss) from continuing operations	**505,363**	1,005,148	**(51,838)**	171,961
Total comprehensive income	**505,363**	1,005,148	**(51,838)**	171,961
Profit/(loss) from continuing operations allocated to NCI	**199,706**	402,059	**(20,736)**	68,784
Dividends paid to NCI	**(402,059)**	(588,275)	**(61,906)**	(114,957)
Net cash generated from operating activities	**1,887,589**	1,775,151	**256,689**	446,452
Net cash (used in)/generated from investing activities	**(323,598)**	36,310	**(26,904)**	(49,198)
Net cash used in financing activities	**(1,286,113)**	(2,040,215)	**(227,747)**	(397,250)
Net increase/(decrease) in cash and cash equivalents	**277,878**	(228,754)	**2,038**	4

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Lvsigang Power Company		Chaozhou Power Company	
	2017	2016	**2017**	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/voting rights held by NCI	**45%/45%**	45%/45%	**47.50%/47.50%**	47.50%/47.50%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**6,221,422**	6,802,348	**6,600,244**	7,223,253
Current assets	**879,661**	776,863	**1,094,473**	902,034
Non-current liabilities	**(2,804,308)**	(3,416,122)	**(519,760)**	(1,455,623)
Current liabilities	**(2,627,430)**	(2,511,123)	**(993,351)**	(1,050,261)
Net assets	**1,669,345**	1,651,966	**6,181,606**	5,619,403
Accumulated NCI	**761,571**	753,752	**2,885,834**	2,618,787
Year ended 31 December:				
Revenue	**4,148,592**	4,241,392	**5,615,368**	4,323,439
Profit from continuing operations	**17,378**	427,532	**562,203**	870,481
Total comprehensive income	**17,378**	427,532	**562,203**	870,481
Profit from continuing operations allocated to NCI	**7,819**	192,390	**267,047**	414,872
Dividends paid to NCI	**–**	(239,985)	**–**	–
Net cash generated from operating activities	**980,666**	1,206,738	**1,288,940**	1,675,731
Net cash (used in)/generated from investing activities	**(424)**	157,919	**(25,943)**	(143,608)
Net cash used in financing activities	**(749,814)**	(1,319,410)	**(1,172,434)**	(1,532,191)
Net increase/(decrease) in cash and cash equivalents	**230,428**	45,247	**90,563**	(68)

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Ningde Power Company		Pengshui Hydropower Company	
	2017	2016	**2017**	2016
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%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**5,374,080**	5,962,140	**10,277,189**	10,653,525
Current assets	**575,669**	454,732	**272,222**	238,930
Non-current liabilities	**(2,070,415)**	(2,450,184)	**(7,344,195)**	(8,047,363)
Current liabilities	**(2,672,823)**	(2,656,983)	**(1,334,029)**	(800,518)
Net assets	**1,206,511**	1,309,705	**1,871,187**	2,044,574
Accumulated NCI	**634,217**	684,783	**673,628**	736,047
Year ended 31 December:				
Revenue	**3,050,606**	2,067,930	**1,465,296**	1,782,182
(Loss)/profit from continuing operations	**(103,194)**	214	**456,307**	699,659
Total comprehensive income	**(103,194)**	214	**456,307**	699,659
(Loss)/profit from continuing operations allocated to NCI	**(50,566)**	105	**164,270**	250,965
Dividends paid to NCI	**–**	–	**(226,689)**	(177,044)
Net cash generated from operating activities	**616,397**	869,986	**1,084,212**	1,630,794
Net cash (used in)/generated from investing activities	**(161,644)**	(152,482)	**46,129**	(55,409)
Net cash used in financing activities	**(469,657)**	(855,277)	**(1,495,680)**	(1,569,048)
Net (decrease)/increase in cash and cash equivalents	**(14,904)**	(137,773)	**(365,339)**	6,337

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Wulong Hydropower Company		Wangtan Power Company	
	2017	2016	**2017**	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/voting rights held by NCI	**24.50%/24.50%**	24.50%/24.50%	**30%/30%**	30%/30%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**6,546,349**	6,475,573	**2,137,406**	2,442,757
Current assets	**171,584**	90,893	**402,378**	332,484
Non-current liabilities	**(3,907,200)**	(4,111,000)	**(608,040)**	(961,669)
Current liabilities	**(1,002,306)**	(547,553)	**(1,360,854)**	(1,020,237)
Net assets	**1,808,427**	1,907,913	**570,890**	793,335
Accumulated NCI	**443,067**	467,441	**171,267**	238,000
Year ended 31 December:				
Revenue	**749,401**	875,931	**1,827,929**	1,732,717
Profit from continuing operations	**185,089**	316,186	**532**	244,991
Total comprehensive income	**185,089**	316,186	**532**	244,991
Profit from continuing operations allocated to NCI	**45,347**	77,182	**160**	74,325
Dividends paid to NCI	**(69,721)**	(49,339)	**(66,893)**	(105,136)
Net cash generated from operating activities	**594,834**	660,640	**184,600**	398,607
Net cash used in investing activities	**(142,318)**	(136,882)	**(64,451)**	(159,075)
Net cash used in financing activities	**(441,814)**	(517,307)	**(91,182)**	(223,114)
Net increase in cash and cash equivalents	**10,702**	6,451	**28,967**	16,418

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Ganzi Hydropower Company 2017	Ganzi Hydropower Company 2016	Beijing Datang Fuel 2017	Beijing Datang Fuel 2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/voting rights held by NCI	47.50%/47.50%	47.50%/47.50%	49%/49%	49%/49%
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December:				
Non-current assets	31,235,469	31,150,737	65,047	68,595
Current assets	721,091	250,103	3,350,699	2,933,032
Non-current liabilities	(23,482,835)	(23,072,571)	–	–
Current liabilities	(2,238,613)	(2,798,895)	(2,978,785)	(2,536,570)
Net assets	6,235,112	5,529,374	436,961	465,057
Accumulated NCI	2,958,720	2,598,393	174,143	200,157
Year ended 31 December:				
Revenue	1,907,277	565,651	20,605,441	12,993,861
Profit/(loss) from continuing operations	513,070	2,799	(28,096)	189,854
Total comprehensive income	513,070	2,799	(28,096)	189,854
Profit/(loss) from continuing operations allocated to NCI	243,708	2,254	(15,196)	93,028
Dividends paid to NCI	–	(428)	–	–
Net cash generated from operating activities	1,273,334	517,574	162,343	825,196
Net cash (used in)/generated from investing activities	(1,007,537)	(2,659,892)	10,590	11,030
Net cash (used in)/generated from financing activities	(354,730)	2,046,777	(255,804)	(913,553)
Net decrease in cash and cash equivalents	(88,933)	(95,541)	(82,871)	(77,327)

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Wushashan Power Company		Tuoketuo II Power Company	
	2017	2016	**2017**	2016
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%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**4,689,365**	5,149,898	**5,646,682**	5,589,656
Current assets	**886,209**	842,163	**733,509**	612,753
Non-current liabilities	**(1,381,246)**	(512,615)	**(2,618,400)**	(3,033,980)
Current liabilities	**(1,731,617)**	(2,802,604)	**(1,824,859)**	(1,392,798)
Net assets	**2,462,711**	2,676,842	**1,936,932**	1,775,631
Accumulated NCI	**1,206,728**	1,311,653	**1,160,587**	1,076,359
Year ended 31 December:				
Revenue	**4,233,763**	3,699,217	**2,634,482**	1,506,888
Profit from continuing operations	**382,034**	662,405	**434,106**	353,861
Total comprehensive income	**382,034**	662,405	**434,106**	353,861
Profit from continuing operations allocated to NCI	**187,196**	324,579	**260,463**	212,317
Dividends paid to NCI	**(292,121)**	(416,950)	**(191,085)**	(287,532)
Net cash generated from operating activities	**1,251,280**	960,082	**931,082**	704,914
Net cash used in investing activities	**(222,975)**	(336,744)	**(314,120)**	(1,736,584)
Net cash (used in)/generated from financing activities	**(1,067,552)**	(559,903)	**(547,395)**	1,031,300
Net (decrease)/increase in cash and cash equivalents	**(39,247)**	63,435	**69,567**	(370)

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Fuzhou Power Company		Inner Mongolia Renewable Power Company	
	2017	2016	**2017**	2016
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%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**5,138,410**	5,606,755	**2,228,337**	2,357,506
Current assets	**936,118**	1,152,603	**274,915**	211,391
Non-current liabilities	**(2,332,300)**	(2,240,000)	**(947,800)**	(1,046,672)
Current liabilities	**(1,557,293)**	(2,175,554)	**(167,106)**	(212,603)
Net assets	**2,184,935**	2,343,804	**1,388,346**	1,309,622
Accumulated NCI	**1,070,618**	1,148,464	**680,290**	641,714
Year ended 31 December:				
Revenue	**3,689,555**	2,568,463	**311,536**	303,451
Profit from continuing operations	**243,319**	402,187	**78,725**	72,469
Total comprehensive income	**243,319**	402,187	**78,725**	72,469
Profit from continuing operations allocated to NCI	**119,226**	197,072	**38,576**	35,510
Dividends paid to NCI	**(197,072)**	–	**–**	(43,142)
Net cash generated from operating activities	**712,813**	493,418	**208,969**	221,615
Net cash used in investing activities	**(1,954,642)**	(877,326)	**(30,080)**	(60,954)
Net cash generated from/(used in) financing activities	**1,937,973**	414,818	**(142,836)**	(139,403)
Net increase in cash and cash equivalents	**696,144**	30,910	**36,053**	21,258

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Fujian Renewable Power Company		Yunnan Electric Power Company	
	2017	2016	**2017**	2016
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%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**1,129,699**	1,193,012	**14,068,473**	14,321,084
Current assets	**193,028**	146,114	**755,815**	858,537
Non-current liabilities	**(214,000)**	(257,000)	**(9,553,713)**	(10,654,354)
Current liabilities	**(187,589)**	(194,211)	**(3,921,755)**	(2,570,179)
Net assets	**921,138**	887,915	**1,348,820**	1,955,088
Accumulated NCI	**427,039**	411,638	**440,398**	783,431
Year ended 31 December:				
Revenue	**176,985**	160,917	**1,010,806**	1,313,444
Profit/(loss) from continuing operations	**33,222**	23,935	**(606,268)**	(400,753)
Total comprehensive income	**33,222**	23,935	**(606,268)**	(400,753)
Profit/(loss) from continuing operations allocated to NCI	**15,401**	11,096	**(343,033)**	(212,810)
Dividends paid to NCI	**–**	–	**–**	(4,920)
Net cash generated from operating activities	**90,484**	97,618	**810,420**	1,018,149
Net cash used in investing activities	**(21,854)**	(29,369)	**(150,181)**	(145,854)
Net cash used in financing activities	**(69,703)**	(64,344)	**(530,874)**	(732,584)
Net (decrease)/increase in cash and cash equivalents	**(1,073)**	3,905	**129,365**	139,711

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Hebei Renewable Power Company		Zhunge'er Mining Company	
	2017	2016	2017	2016
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/voting rights held by NCI	48.06%/48.06%	48.06%/48.06%	48%/48%	48%/48%
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December:				
Non-current assets	3,594,236	3,476,914	972,595	969,199
Current assets	359,191	226,699	220,307	217,957
Non-current liabilities	(1,427,400)	(1,342,000)	(497,374)	(497,374)
Current liabilities	(447,286)	(464,953)	(591)	(810)
Net assets	2,078,741	1,896,660	694,937	688,972
Accumulated NCI	999,043	911,535	329,244	330,707
Year ended 31 December:				
Revenue	556,214	482,753	–	–
Profit from continuing operations	182,080	136,887	5,965	5,819
Total comprehensive income	182,080	136,887	5,965	5,819
Profit from continuing operations allocated to NCI	87,508	65,788	2,264	2,793
Dividends paid to NCI	–	(135,715)	–	–
Net cash generated from/(used in) operating activities	431,138	405,598	(2,022)	(1,957)
Net cash (used in)/generated from investing activities	(290,212)	(108,887)	4,334	3,106
Net cash used in financing activities	(122,435)	(265,828)	–	–
Net increase in cash and cash equivalents	18,491	30,883	2,312	1,149

48. PRINCIPAL SUBSIDIARIES (Continued)

(b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Sichuan Jinkang Company 2017	Sichuan Jinkang Company 2016	Leizhou Power Company 2017	Leizhou Power Company 2016
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%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**4,618,535**	4,731,655	**4,602,412**	3,167,411
Current assets	**92,043**	105,312	**159,772**	74,842
Non-current liabilities	**(2,419,553)**	(2,448,480)	**(2,844,320)**	(1,889,667)
Current liabilities	**(807,227)**	(810,918)	**(1,081,057)**	(904,678)
Net assets	**1,483,798**	1,577,569	**836,807**	447,908
Accumulated NCI	**674,869**	718,740	**551,440**	297,920
Year ended 31 December:				
Revenue	**199,991**	228,286	**–**	–
Loss from continuing operations	**(93,770)**	(103,380)	**–**	–
Total comprehensive income	**(93,770)**	(103,380)	**–**	–
Loss from continuing operations allocated to NCI	**(42,722)**	(47,100)	**–**	–
Dividends paid to NCI	**–**	–	**–**	–
Net cash generated from operating activities	**168,507**	171,695	**–**	–
Net cash used in investing activities	**(22,641)**	(116,249)	**(1,076,811)**	(1,777,614)
Net cash (used in)/generated from financing activities	**(144,844)**	(53,369)	**1,141,250**	1,759,453
Net increase/(decrease) in cash and cash equivalents	**1,022**	2,077	**64,439**	(18,161)

49. EVENTS AFTER THE REPORTING PERIOD

(a) The Company completed the issuance of "The First Tranche of Datang International Power Generation Co., Ltd.'s Super Short-term Debentures in 2018" (the "First Tranche Super Short-term Debentures") on 19 January 2018. The issuance amount for the First Tranche Super Short-term Debentures was RMB3 billion with a maturity of 175 days. The unit nominal value is RMB100 and the issuance interest rate is at 5.10%. Agricultural Bank of China Limited acts as the underwriter and bookkeeper for the First Tranche Super Short-term Debentures. The proceeds from the First Tranche Super Short-term Debentures will be used to replenish the working capital of the Company.

(b) On 13 March 2018, in accordance with the terms of the A-Share subscription agreement entered into between the Company and China Datang on 28 November 2016, the Company notified China Datang in writing to pay for the subscription amount in respect of 2,401,729,106 A-Share subscription shares. The A-Share issue price would be RMB3.47 per A-Share subscription share, representing 90% of the 20-day average trading price of the A-Shares immediately preceding the A-Share price referencing date. On 16 March 2018, the gross proceeds raised from the A-Share issuance amounted to approximately RMB8,334.0 million, after deducting the cost of underwriting and sponsorship, registration fee and the related expenses, the net proceeds raised amounted to approximately RMB8,319.38 million.

On 19 March 2018, in accordance with the terms of the H-Share subscription agreement entered into between the Company and the H-Share subscription shares subscriber, i.e. China Datang Overseas (Hong Kong) Co., Limited ("Datang Overseas HK Company") on 28 November 2016, 2,794,943,820 H-Share subscription shares have been allotted and issued to Datang Overseas HK Company, at the H-Share issue price of HK$2.226 (equivalent to RMB1.797) per H-Share subscription share. The gross proceeds raised from the H-Share issuance amounted to approximately HK$6,221.5 million (equivalent to RMB5,022.7 million). The net proceeds raised from the H-Share issuance, after deducting the related expenses, amounted to approximately HK$6,205.7 million (equivalent to RMB5,009.9 million).

After the completion of the non-public issue stock issuance, the total issued shares of the Company were 18,506,710 thousand, divided into 12,396,089 thousand A-Shares and 6,110,621 thousand H-Shares.

Differences between Financial Statements

For the Year Ended 31 December 2017

The consolidated financial statements which are prepared by the Group in conformity with IFRS, differ in certain respects from 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 2017 RMB'000	Net assets 2016 RMB'000
Net assets attributable to owners of the Company under IFRS		**41,759,348**	39,984,321
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 mining funds	(b)	**(337,906)**	(322,845)
Applicable deferred tax impact of the above GAAP Differences		**(18,702)**	(18,841)
Non-controlling interests' impact of the above GAAP Differences after tax		**(30,693)**	(30,651)
Net assets attributable to owners of the Company under PRC GAAP		**41,478,513**	39,718,450

	Note	Net profit 2017 RMB'000	Net profit 2016 RMB'000
Profit/(loss) for the year attributable to owners of the Company under IFRS		**1,708,075**	(2,753,881)
Impact of IFRS adjustments:			
Difference in accounting treatment on monetary housing benefits	(c)	**–**	3,360
Difference in accounting treatment on mining funds	(b)	**3,471**	110,317
Applicable deferred tax impact of the above GAAP Differences		**139**	9,478
Non-controlling interests' impact of the above GAAP Differences after tax		**125**	7,395
Net profit/(loss) for the year attributable to owners of the Company under PRC GAAP		**1,711,810**	(2,623,331)

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 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.

(c) **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.

Corporate Information

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 Sutherland
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:

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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,
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Lee Garden Two,
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Hong Kong

Legal advisors

as to PRC law:

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12/F Fortune Financial Centre,
No. 5 Dongsanhuan Central Road,
Chaoyang District,
Beijing,
People's Republic of China

as to Hong Kong law:

Eversheds Sutherland
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
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Xicheng District,
Beijing,
People's Republic of China

and

Hetermedia Services Limited
9/F Infinitus Plaza,
199 Des Voeux Road Central,
Hong Kong

Glossary of Terms

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.