



Guangdong Electric Power Development Co., Ltd.

2017Annual Report

April 2018

I. Important Notice, Table of Contents and Definitions

The Board of Directors , Supervisory Committee ,Directors, Supervisors and Senior Executives of the Company hereby guarantees that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

Mr.Huang Zhenhai, The Company leader, Mr. Liu Wei, Chief financial officer and the Mr.Meng Fei, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in this Annual report.

All the directors attended the board meeting for reviewing the Annual Report except the follows:

The name of director who did not attend the meeting in person	Positions	Reason	The name of director who was authorized
Zhou Xi'an	Director	Due to business	Rao Subo
Zhang Xueqiu	Director	Due to business	Ma Xiaoqian

This annual report involves the forecasting description such as the future plans, and does not constitute the actual commitments of the company to the investors. Investors and stakeholders should all maintain sufficient awareness of risks for this and understand the differences between plans, forecasts and commitments.

The Company is mainly engaged in thermal power generation. The business of thermal power generation is greatly affected by factors including electric power demand and fuel price. Refer to Section IX(4) of Chapter 4 of this annual report-situation faced and countermeasures for relevant information.

The preplan profit distribution of the Company deliberated and approved by the Board is: Total share of of 5,250,283,986 for Base on the Company's total share capital ,the Company would distribute cash dividend to a ll the shareholders at the rate of CNY 0.80 for every 10 shares (with tax inclusive), with 0 bonus shares (including tax) , and not converting capital reserve into share capital.

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Definition

Terms to be defined	Refers to	Definition
Yudean Group	Refers to	Guangdong Yudean Group Co., Ltd.
Zhanjiang Company	Refers to	Zhanjiang Electric Power Co., Ltd.
Yuejiang Company	Refers to	Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.
Zhenneng Company	Refers to	Maoming Zhenneng Thermal Power Co., Ltd.
Jinghai Company	Refers to	Guangdong Yudean Jinghai Power Co., Ltd.
Zhanjiang Wind Power Company	Refers to	Guangdong Yudean Zhanjiang Wind Power Co., Ltd.
Zhongyue Company	Refers to	Zhanjiang Zhongyue Energy Co., Ltd.
Bohe Company	Refers to	Guangdong Yudean Bohe Coal & Electricity Co., Ltd.
Guangqian Company	Refers to	Shenzhen Guangqian Electric Power Co., Ltd.
Huizhou Natural Gas Company	Refers to	Guangdong Huizhou Natural Gas Power Co., Ltd.
Red Bay Company	Refers to	Guangdong Red Bay Power Co., Ltd.
Pinghai Power Plant	Refers to	Guangdong Hluizhou Pinghai Power Co., Ltd.
Humen Power Company	Refers to	Guangdong Yudean Humen Power Co., Ltd.
Anxin Electric Inspection & Installation Company	Refers to	Guangdong Yudean Anxin Electric Inspection & Installation Co., Ltd.
Guohua Taishan	Refers to	Guangdong Guohua Yudean Taishan Power Generation Co., Ltd.
Yudean Industry Fuel Company	Refers to	Guangdong Power Industry Fuel Co., Ltd.
Huadu Natural Gas Company	Refers to	Guangdong Huadu Natural Gas Thermal Power Co., Ltd.
Dapu Company	Refers to	Guangdong Dapu Power Generation Co., Ltd.
Wind Power Company	Refers to	Guangdong Wind Power Co., Ltd.
Lincang Company	Refers to	Lincang Yudean Energy Co., Ltd.
Qujie Wind Power Company	Refers to	Guangdong Yudean Qujie Wind Power Generation Co., Ltd.
Electric Power Sales Company	Refers to	Guangdong Yudean Electric Power Sales Co., Ltd.
Weixin Yuntou	Refers to	Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.
Binglang Jiang Company	Refers to	Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.
Yongan Natural Gas Company	Refers to	Guangdong Yudean Yongan Natural Gas Thermal Power Co., Ltd.
Tongdao Wind Power Company	Refers to	Tongdao Yuexin Wind Power Generation Co., Ltd.

II. Basic Information of the Company

1. Company information

Stock abbreviation	Yue Dian Li A, Yue Dian Li B	Stock code:	000539、200539
Stock exchange for listing:	Shenzhen Stock Exchange		
Name in Chinese	广东电力发展股份有限公司		
Abbreviation of Registered Company Name in Chinese(If any)	粤电力		
English name (If any)	GUANGDONG ELECTRIC POWER DEVELOPMENT CO.,LTD		
English abbreviation (If any)	GED		
Legal Representative	Huang Zhenhai		
Registered address	33-36/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou, Guangdong Province		
Postal code of the Registered Address	510630		
Office Address	33-36/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou, Guangdong Province		
Postal code of the office address	510630		
Internet Web Site	http://www.ged.com.cn		
E-mail	ged@ged.com.cn		

II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Liu Wei	Qin Xiao
Contact address	35/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou, Guangdong Province	36/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou, Guangdong Province
Tel	(020)87570276	(020)87570251
Fax	(020)85138084	(020)85138084
E-mail	liuw@ged.com.cn	qinxiao@ged.com.cn

III. Information disclosure and placed

Newspapers selected by the Company for information disclosure	China Securities Daily, Securities Times and Hong Kong Commercial Daily(overseas newspaper for English version)
Internet website designated by CSRC for publishing the Annual report of the Company	http://www.cninfo.com.cn
The place where the Annual report is prepared and placed	Affair Dept. Of the Board of directors of the Company

IV. Changes in Registration

Organization Code	91440000617419493W
Changes in principal business activities since	No change

listing (if any)	
Changes is the controlling shareholder in the past (is any)	No change

V. Other Relevant Information

CPAs engaged

Name of the CPAs	PWC Certified Public Accountants (special general partnership)
Office address	11th Floor,PricewaterhouseCoopers Center,2 Corporate Avenue 202 Hu Bin Road, Huangpu District,Shanghai 200021, PRC
Names of the Certified Public Accountants as the signatories	Wang Bin, Chen Junjun

The sponsor performing persist ant supervision duties engaged by the Company in the reporting period.

☐Applicable ☒Not Applicable

The Financial advisor performing persist ant supervision duties engaged by the Company in the reporting period

☐Applicable ☒Not Applicable

VI.Summary of Accounting data and Financial index

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

☐ Yes ☒ No

	2017	2016	Changed over last year (%)	2015
Operating Gross income (RMB)	26,643,792,057	22,681,120,022	17.47%	25,723,810,816
Net profit attributable to the shareholders of the listed company (RMB)	743,180,431	936,534,941	-20.65%	3,237,733,312
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	718,454,119	1,074,697,758	-33.15%	2,953,985,089
Cash flow generated by business operation, net (RMB)	3,676,034,503	8,704,775,818	-57.77%	10,442,437,145
Basic earning per share(RMB/Share)	0.14	0.18	-22.22%	0.62
Diluted gains per share(RMB/Share)(RMB/Share)	0.14	0.18	-22.22%	0.62
Net asset earning ratio (%)	3.16%	3.99%	-0.83%	14.42%
	End of 2017	End of 2016	Changed over last year (%)	End of 2015
Gross assets (RMB)	71,007,415,323	70,677,003,760	0.47%	71,919,934,143
Net assets attributable to shareholders of the listed company (RMB)	23,695,190,653	23,378,847,225	1.35%	23,754,596,981

VII. The differences between domestic and international accounting standards**1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.**√ Applicable ☐ Not applicable

In RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	743,180,431	936,534,941	23,695,190,653	23,378,847,225
Items and amount adjusted according to IAS				
The difference arising from recognition of goodwill after merger of enterprises under the same control			64,623,000	64,623,000
Difference arising from recognition of land use value after enterprise merger	-630,000	-630,000	18,230,000	18,860,000
Influence on minority interests	54,120	54,120	4,756,099	4,701,979
According to IAS	742,604,551	935,959,061	23,782,799,752	23,467,032,204

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.☐ Applicable ☒ Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP(Generally Accepted Accounting Principles) in the period.

3. Note to the Difference in the Accounting Data based on the Accounting Standards of CAS and IAS.√ Applicable ☐ Not applicable

- (a) The difference arising from recognition of goodwill after merger of enterprises under the same control and recognition of land value after enterprise merger.

As required by new Chinese accounting standards, the goodwill formed by the merger of enterprises under the same control shall not be recognized and capital surplus shall be adjusted. Under IFRS, the goodwill formed by the merger of enterprises under the same control shall be recognized and equal to the difference between merger cost and share of fair value of recognizable net assets of the purchased party obtained in merger. Meanwhile, all assets of the purchased party obtained in merger shall be accounted for according to their fair value while such assets shall be accounted for according to their book value according to original Chinese accounting standards for business enterprises. Therefore, this difference will continue to exist.

- (b) Influence on minority interests

Housing reform loss occurred to the Company and some holding subsidiaries. Therefore, there's some influence on minority interests.

VIII. Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	5,554,665,288	6,830,821,289	7,546,970,420	6,711,335,060
Net profit attributable to the shareholders of the listed company	-115,409,510	244,145,235	653,326,357	-38,881,651
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-125,128,941	281,931,672	642,264,511	-80,613,123
Net Cash flow generated by business operation	475,755,783	1,103,169,501	1,789,490,461	307,618,758

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

☐ Yes ☒ No

IX. Items and amount of non-current gains and losses

☒ Applicable ☐ Not applicable

In RMB

Items	Amount (2017)	Amount (2016)	Amount (2015)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-4,720,404	-3,723,321	238,178,694	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	41,344,595	19,074,097	16,112,458	In the current period, the newly added subsidy for technological transformation of enterprises by Special funds for Industrial and Informatization Development was RMB 18.6 million.
Gains and losses from exchange of non-monetary assets			21,977,012	
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.		-59,541,635		
Switch back of provision for depreciation of account receivable which was singly taken depreciation test.			20,790	
Effect on current gains/losses when a one-off adjustment is made to current gains/losses according to requirements of taxation, accounting and other relevant laws and regulations		-125,842,425		
Other non-business income and expenditures	6,502,013	-104,916,156	29,997,321	

other than the above				
Taxes paid by tax auditors, late fees and fines	-7,274,913			
Less: Amount of influence of income tax	10,104,459	18,950,258	17,651,335	The price in coal futures rose and the operating profit fell.
Influenced amount of minor shareholders' equity (after tax)	1,020,520	-155,736,881	4,886,717	
Total	24,726,312	-138,162,817	283,748,223	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

☐ Applicable ☒ Not applicable

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non –recurring gain/loss in the report period.

III. Outline of Company Business

I .Main Business the Company is Engaged in During the Report Period

Whether the company needs to comply with the disclosure requirements of the particular industry

No

We are mainly occupied in investment, construction and management of electric power projects. We have been upholding “electricity-oriented, pluralistic development”, with power as the mainstay and diversified structure of power source. With the exception of development, construction and operation of large-scale coal-burning power-generating plants, we also set our feet on clean energy projects like LNG power generation, wind power generation and hydroelectric generation, which are reliably transmitted to innumerable users through power-grid companies. As of December 31, 2016, the controllable installed capacity is 20.15 million KW, where the controllable installed capacity of coal-burning power generation, LNG generation and renewable energy generation like wind power and hydropower is 17.35 million KW, 2.34 million KW and 460000 KW respectively.

Income source is primarily contributed by power production and sales, and main business income is derived from Guangdong Province. The company electricity sales price is subject to the benchmark price verified by the price authority per relevant policies based on National Development and Reform Commission (NDRC) and the electricity transaction price through the market trade implementation per Guangdong Electricity Market Trade Basic Rules and supporting files. In the reporting period, the electricity sold is 67.976 billion KWH, 11.463 billion KWH YoY increase; average price stated in the consolidated statements is 451.82 Yuan/ KWH (tax inclusive, the same below), YoY drop of 10.74 Yuan/ KWH. The total operating income was RMB 26,643,792,100, an increase of RMB 3,962,672,100 or an increase of 17.47% YOY.

The company's business is dominated by coal-fired power generation, and the fuel costs account for a large portion of operating costs, thus the fluctuations in coal prices have a significant impact on the company's operating performance. During the reporting period, affected by the increase in power generation and the continuous increase in coal prices, the company's fuel costs were RMB 1,7,017,543,600, which accounted for 73.06% of the main business costs, an increase of RMB 5,972,218,100 or an increase of 54.07%; and the unit price of standard coal (coal oil-gas) was 817.12 yuan/ton, an increase of 191.17 yuan/ton or an increase of 30.54% over the same period of last year.

During the reporting period, as affected by the high coal price and the “concession of benefit” to power market trading and the company made the provision for impairment for the upfront expenses of some of the company's in-process constructions, available-for-sale financial assets and early retirement assets, the Company's net profit attributable to shareholders of the parent company dropped significantly year-on-year and it's RMB 743,180,400, a year-on-year decrease of 20.65%; and the earnings per share was 0.14 yuan.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in process	The YOY increase of 33.49% was mainly due to the Huizhou Natural Gas Cogeneration Expansion Project and the ultra-low emission transform of Zhongyue No. 1 and No. 2 power generation units.
Other non-current assets	The YOY decrease of 65.47% was mainly due to that the prepaid equipment in the previous period had been put into use.

2. Main Conditions of Overseas Assets

☐ Applicable ☒ Not applicable

III. Analysis On core Competitiveness

Whether the company needs to comply with the disclosure requirements of the particular industry

No

1. Regional power-generating company with installed capacity expanded in a stage-based and leap-frog way

The power-generating assets are mainly distributed in Guangdong. Major assets reorganization realized since 2012 has given great impetus to power-generating installed capacity. By the end of 2017, the Company has put into production of a controlled installed capacity of 20.15 million kilowatts, and the on-grid electricity was 67.976 billion kw, which accounted for 17.62% share of the Guangdong province's electricity purchase market, an increase of 1.75% YOY-representing the continuous increase.

2. Yudean Group has oriented our company as a sole listed platform for domestic power-generating assets integration

We are the shareholder of Yudean Group, one of the biggest power-generating groups in south China, which takes advantage of its source, assets scale, to give sustaining support to our company's advancement and expansion. It has oriented us as a sole listed platform for domestic power-generating assets integration. We are endowed with a priority offered by it in power source development, asset acquisition.

3. State-of-the-art unit performance built on implementation of the energy-saving dispatching policy

By virtue of high parameters, large capacity, nice efficiency, low coal consumption, reliable operation and environmental protection, our thermal power generating unit units are given priority in energy-saving dispatching. As a result, our units are more competitive in on-grid price.

4. Stepwise optimization of industrial structure and power source structure

The 13th Five-Year Plan of the Company specified the overall strategy of taking power generation as the core business, optimizing the development of coal-fired power, steadily developing gas power, vigorously developing clean energy such as wind power and hydropower, continuously optimizing the power supply structure, and heading to an efficient, clean and low-carbon road. In 2017, there were newly-added 230,000 kilowatts of land

wind power projects and 0.5 million kilowatts of offshore wind power projects of the company obtained the approval, besides a number of gas and wind power projects have been under construction. In the next few years, the company will, centered on its 13th Five-Year Plan, continue to increase the development of clean energy and actively promote the green and coordinated development.

5. Experienced management, sophisticated production technology

Administrators and technical experts are veterans in operation and management of power plants, and key staff have years of practical experience in the power sector. We have invested enormous efforts to the standard of management, intensifying management and paying high priority to launch energy-conserving and consumption-reducing programs. Finally, coal consumption on thermal power units is declining year by year in return for these efforts.

6. Hold fast to the opportunity of “electric price reform”, To realize the transformation from a power generation enterprise to an energy comprehensive service enterprise.

In July 2015, we established a wholly-funded electric marketing company, aiming at competing with electricity marketing, sharing dividend from “electric price reform”, The electricity sales company has already accumulated plenty of clients based on the power generation enterprises. The company will continue promoting the electricity sales business vigorously, adopt positive measures subject to relevant policies of the national power system reformation for expanding the power distribution and sales business and comprehensive energy services and cultivating the new profit increase points.

IV. Management's Discussion and Analysis

I .General

In 2017, the electricity consumption of the whole society in Guangdong Province was 595.897 billion kwh, an increase of 6.22% YOY, so the growth rate continued to rise. The West-to-east electricity transmission increased by 2.5% YOY, a slightly slowed growth; the provincial nuclear power supply increased by 15.51%, a slightly slowed growth, e.g. the Yangjiang NO.4 Nuclear Power Unit with the installed capacity of 1.086 million kilowatts was put into operation during the year; the gas electricity in the province increased by 2.18% year-on-year, a sharp slowdown in growth; and the hydropower of the province fell by 3.2%, the electricity generation of coal-fired units in the province increased by 30.4% year-on-year. The company's whole-year on-grid electricity accounted for 17.62% share in the intra-provincial power purchase market, an increase of 1.75 % year-on-year, with the percentage continued to increase. the average utilization hours for the company holding coal-fired units are 3348 hours increased by 721 hours on year-on-year basis.

As of the end of 2017, the total assets of the Company by consolidated statements amounted to RMB 71.7 billion, an increase of 0.47% YOY; and the interests attributable to shareholders of the parent company was RMB 23.695 billion, an increase of 1.35% YOY. The company achieved the operating income by consolidated statements of RMB 26.644 billion, an increase of 17.47% YOY; the net profit attributable to shareholders of the parent company was RMB 743 million, a YOY decrease of 20.65%; the earnings per share was RMB 0.14 (it's RMB 0.18 in the same period of last year). The company's liabilities by consolidated statements totaled to RMB 41.305 billion, with that the asset-liability ratio was 58.17%.

In 2017, the electricity market trading scale in Guangdong Province continued to expand. The company actively strived for the base quantity of electricity and competed for the "market electricity", and the signing of bilaterally negotiated trading electricity by the subordinate power plants reached 24.04% in this kind of market trading, with that the electricity participated in the market bidding accounted for 18.29% in this kind of market trading; the whole-year electricity trading volume of the subordinate electric power sales company accounted for 12.43% in this kind of market trading, with the scale of electricity-sales continued to occupy the first place in the province's electricity sale market. Through the power generation rights trading, the power plants in some mountainous areas realized the loss-reduction and the profit increase by RMB 41.97 million. The company vigorously developed the clean energy business, and the clean energy business accounted for 56.99% of the net profit attributable to shareholders of the parent company, an increase of 11.36 % YOY, which had an increasing contribution to the net profit attributable to shareholders of the parent company.

According to the "Thirteenth Five-Year Development Planning Report" reviewed and approved by the Board of Directors, the company adheres to the development direction of clean energy. During the reporting period, the 4 newly-added controllable land wind power projects totaled in 0.23 million kilowatts obtained the approval, 2 controllable offshore wind power projects totaled in 0.498 million kilowatts obtained the approval, and one 50,000 kilowatts controllable land wind power project was included into the local 2017 wind power development alternative choice plan. In the first quarter of 2018, the Company gained approval for another newly-added 50,000

kilowatts controllable land wind power project, and 2 controllable offshore wind power projects totaled in 0.5 million kilowatts were included in the Key Construction Project Plan of Guangdong Province in 2018. During the reporting period, the company's first holding hydropower project, Yunnan Lincang Dayakou Hydropower Project (102,000 kilowatts), was wholly put into operation in November; and the holding Zhanjiang Hongxin Tower Wind Power Project (49,500 kilowatts) was put into operation at the end of the year. The above-mentioned two projects newly added a total of controllable installed capacity of 151, 500 kilowatts. The Zhanjiang Shibaling wind power project and the Huizhou natural gas cogeneration expansion project have been carried out as planned; the Yangjiang Shaba Offshore Wind Power Project and the Zhanjiang Wailuo Phase I Offshore Wind Power Project started construction in October and in December respectively. Meantime, the company conscientiously implemented the national requirements for ultra-low emissions and energy-saving transformation of coal-fired units, with the investment totaled to RMB 2.416 billion, and the Company completed the transformation of ultra-low emissions of all coal-fired units in the year, with the emission indicators lower than the national emission limits.

During the reporting period, the board of directors of the company successfully completed the general election because of the expiration of the term, organized and held three on-site meetings of the board of directors and 4 communications meetings of the board of directors throughout the year, completed the review and approval of 46 proposals, and organized and held two general meetings of shareholders-which deliberated and adopted 18 proposals. The company further perfected the decision-making items and procedures of "Three-Importances & One-Large", implemented the principle of "first inner-party, then submit", and completed the related work of incorporating the general requirements of the Party construction work of state-owned enterprises into the articles of association. The Company Completed the standard system of "scrap, reform, set up", revised and added a total of 64 items in the institution rules, thus the standard operation level of the company was further improved.

II .Main business analysis

1. General

Refer to relevant contents of “1.Summarization” in “Discussion and Analysis of Management”.

2. Revenue and cost

(1)Component of Business Income

In RMB

	2017		2016		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	26,643,792,057	100%	22,681,120,022	100%	17.47%
Industry					
Electric power , Steam sales and labor income	26,393,153,579	99.06%	22,522,639,179	99.30%	17.18%
Other	250,638,478	0.94%	158,480,843	0.70%	58.15%
Products					
Sales Electric Power	26,250,079,293	98.52%	22,342,322,648	98.51%	17.49%

Labor income	49,166,707	0.18%	110,563,280	0.49%	-55.53%
Steam income	93,907,579	0.35%	69,753,251	0.31%	34.63%
Comprehensive utilization of fly ash	203,698,123	0.76%	65,549,708	0.29%	210.75%
Sales material income	3,228,908	0.01%	58,627,109	0.26%	-94.49%
Lease revenue	14,691,747	0.06%	9,538,280	0.04%	54.03%
Certified emission reduction sales revenue	0	0 %	164,291	0 %	-100 %
Other	29,019,700	0.12%	24,601,455	0.11%	17.96%
Area					
Guangdong	26,600,595,122	99.84%	22,654,178,908	99.88%	17.42%
Yunnan	43,196,935	0.16%	26,941,114	0.12%	60.34%

(2) Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

☒ Applicable ☐ Not applicable

Whether the company needs to comply with the disclosure requirements of the particular industry

No

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Industry						
Electric power , Steam sales and labor income	26,393,153,579	23,277,935,709	11.80%	17.18%	31.14%	-9.38%
Products						
Electric power , Steam sales and labor income	26,393,153,579	23,277,935,709	11.80%	17.18%	31.14%	-9.38%
Area						
Guangdong	26,600,595,122	23,264,845,471	12.54%	17.42%	30.86%	-8.98%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

☐ Applicable ☒ Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

☒ Yes ☐ No

Classification	Items	Unit	2017	2016	Changes
Electric Power	Sales volume	Billion kwh	67.976	56.513	20.28%
	Production	Billion kwh	72.029	59.923	20.20%

Explanation for a year-on-year change of over 30%

☐ Applicable ☒ Not applicable

(4)Degree of Performance of the Significant Sales Contract Signed up to this Report Period

√ Applicable □ Not applicable

In the reporting period, China Southern Power Grid was our No.1 client, Its sales of 26.25 billion yuan taking up approximately 98.52% of annual sales. Company and company's holding subsidiaries had signed a Power Purchase Agreement with China Southern Power Grid and its holding subsidiaries in accordance to related provisions. By the end of the reporting period, the agreement had been executed rightfully.

(5)Component of business cost

Industry classification

In RMB

Industry	Items	2017		2016		Increase/Decrease
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Electric Power	Fuel cost	17,017,543,636	73.06%	11,045,325,529	62.07%	54.07%
Electric Power	Depreciation expense	3,465,797,703	14.88%	3,897,930,880	21.91%	-11.09%
Electric Power	Labor cost	1,377,719,311	5.91%	1,454,916,789	8.18%	-5.31%
Electric Power	Other	1,431,228,019	6.14%	1,395,453,184	7.84%	2.56%

Notes

The Company is in power sector and mainly engaged in power generation at present. The cost is composed of fuel cost, depreciation expenses, labour cost and other expenses. Fuel cost accounts for about 73.06% of total cost, which was mainly affected by the increase in power generation volume and the continuous increase in coal price, so that the fuel costs increased significantly YOY.

(6)Whether Changes Occurred in Consolidation Scope in the Report Period

√ Yes □ No

New Subsidiary Establishment of the Year

Name	Business place	Registered address	Nature	Registered capital	Proportion (%)	Acquired
Tongdao Yuexin Wind Power Generation Co., Ltd.	Huaihua, Hunan	Huaihua, Hunan	Electric Power	10,000,000	100%	Invested
Hunan Xupu Yuefeng New Energy Co., Ltd.(Indirect subsidiary)	Huaihua, Hunan	Xupu, Huaihua, Hunan	Electric Power	20,000,000	100%	Invested
Guangxi Wuxuan Yuefeng New Energy Co., Ltd.(Indirect subsidiary)	Guangxi	Wuxuan, Guangxi	Electric Power	20,000,000	100%	Invested
Huizhou Pingdian Energy Co., Ltd.(Indirect Subsidiary)	Huizhou	Huizhou	Electric Power	20,000,000	45%	Invested

(7)Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period

☐ Applicable ☒ Not applicable

(8)Situation of Main Customers and Main Supplier

Information of the Company's top 5 customers

Total sales amount to top 5 customers (RMB)	26,561,252,714
Proportion of sales to top 5 customers in the annual sales(%)	99.68%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.82%

Information of the Company's top 5 customers

No	Name	Amount (RMB)	Proportion
1	GPGC	26,250,079,293	98.52%
2	Guangdong Yudean Group Co., Ltd.	218,494,067	0.82%
3	Huizhou Huiling Huacheng Co., Ltd.	62,395,050	0.23%
4	China petrochemical co., Ltd. Maoming Branch	16,492,843	0.06%
5	Dongguan Dejin Energy Technology Co., Ltd.	13,791,461	0.05%
Total	--	26,561,252,714	99.68%

Other explanation :

☒ Applicable ☐ Not applicable

Guangdong Yudean Group Co., Ltd is the controlling shareholder of the Company, which is a connected relationship with the Company.

Principal suppliers

Total purchase of top 5 Suppliers (RMB)	17,407,935,962
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	73.52%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	57.95%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Guangdong Yudean Group Co., Ltd.	13,721,240,442	57.95%
2	Guangdong Dapeng ING Co., Ltd	1,629,826,249	6.88%
3	Guangdong Zhutou Electric Power Industry Fuel Co., Ltd.	1,148,345,889	4.85%
4	Dongfang Electric Co., Ltd.	635,571,521	2.68%
5	GPEC	272,951,861	1.15%
Total	--	17,407,935,962	73.52%

Other explanation :

☒ Applicable ☐ Not applicable

Guangdong Yudean Group Co., Ltd is the controlling shareholder of the Company, which is a connected relationship with the Company.

3.Expenses

In RMB

	2017	2016	Increase/Decrease(%)	Notes
Sale expenses	8,223,996	2,807,165	192.96%	Mainly due to the substantial increase in sales expenses caused by the expansion of the operating scale of the electricity sales company and the market electricity price-bidding business.
Administration expenses	654,998,125	775,880,023	-15.58%	
Financial expenses	1,279,255,541	1,369,698,178	-6.60%	

4.R& D Expenses

No	Project company name	Project name	Purpose	Project progress	Target and influence
1	Shenzhen Guangqian Electric Power Co., Ltd.	Energy conservation research and application of M701F combined-cycle generator unit underload and transient operation	Optimize the unit operation way through research and therefore meet economic indexes including decrease on the integrated power supply coal consumption and comprehensive station service power consumption rate, etc.	Completed	1)Optimize the operation way and achieve the good economic performance. 2)Available for reasonable arrangement of the gas consumption start for decrease of the start and end time of boiler and extension of the equipment service life; 3)Shorten the unit generation time and intensify the peaking unit characteristics
2	Shenzhen Guangqian Electric Power Co., Ltd.	Secondary development of the visualized work-sheet issuing system function	Improve the work sheet issuing efficiency, decrease the repair and isolation risks, improve the work sheet management level, and provide several training types for improvement of the isolation level of operators.	Completed	Improve further the visualized work-sheet issuing system graphic issuing function through the secondary development, optimize the standard work-sheet management procedure and solve the failed printing of the work sheet label and other problems. And improve the visualized work-sheet issuing system performance and work efficiency further.
3	Shenzhen Guangqian Electric Power Co., Ltd.	Optimization and maintenance of production technology management system	Optimize and upgrade the operation recording module, teams construction module, system management module, regular working module, two-work-sheet management module and backup function	Completed	Through collecting the production technology management system optimization and upgrade opinions, optimize and upgrade the operation recording module, teams construction module, system management module, regular working module, two-work-sheet management module and backup function for improvement of the management efficiency, elimination of operation defects and improvement of the system compatibility.
4	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Special coal wharf customs control site rectification project	To meet the customs control requirements on the special coal wharf in terms of the customs control facilities setting, control site operation information linkage and paperless operation, etc.	Completed	The rectification project meets the customs control requirements on the coal wharf of the Plant and avoids the berthing limitation of the customs on the imported coal ships.

No	Project company name	Project name	Purpose	Project progress	Target and influence
5	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Optical fiber laying at the side of Shajiao A for the group emergency command system	For realization of Shajiao A power plant emergency command system establishment and the HD video surveillance application of the Plant	Completed	The plant current MIS network fails to satisfy the video data flow as the code rate reaches 1080P and we also plan to upgrade and rebuild the mode video surveillance network into the digital video surveillance network simultaneously. Under advance of the group emergency command system and the plant HD video surveillance application, the current plant optical fiber link need to be upgraded and rebuilt for establishing the group emergency command sub-system and networking for the HD video surveillance of the Plant departments.
6	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Check project on the information system safety based on the source code	Build one source-code-based safety inspection system for the source code safety check of the main business system and the late-stage-built business system of the Plant, check the loophole and backdoor existence and illegal usage of open source code within the business system source code, analyze the safety of the business system source code deeply for the design defect and logical error of the business system software and provide the reasons and repair suggestions for the same.	Completed	Check the source code safety of the newly-developed business system and control the quality of the source code due to inclusion of lots of important information of the Plant in the major business system. We shall understand the newly-developed business system safety, grasp the current source code safety hazards, recognition errors and software frame problems, discover any safety hazard promptly, conduct rectification evaluation for the same directly, realize strengthening the source code check during the cycle of the newly-developed business system and improve the safety of the same.
7	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Operating budget management platform (Tonghai company's information management software)	To coordinate with the power plant in implementation of the new management system, implement optimization and transformation of the business procedures, remove the horizontal barriers between application systems, eliminate the information isolated island, facilitate the transmission and share of various types of data, meet the target requirements of information concentration and effective management and build the uniform comprehensive budget management platform	Completed	1. Realize the electronic way for whole materials management process; 2. Establish the link between materials management and project management; 3. To manage the capital budget reasonably and effectively and achieve the application purpose (pre-planning, course surveillance and post-examination), the link between the business process and budget information need to be realized for the real-time surveillance and control on the budget expenditure in each procedure stage and the budget expenditure statistics and analysis from several aspects.

No	Project company name	Project name	Purpose	Project progress	Target and influence
8	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Build the power generation market comprehensive data support platform	Build the plant generation market comprehensive data support platform, reflect the planned and actual production activity condition of the plant at present and in the coming period, simulate and predict each-type indicator trend of the coming period for providing the strong basic data support for the plant participation into the power generation market.	Basic completion of the fundamental function with one remaining sub-module to be tested online next week	To grasp the whole-plant production data promptly and comprehensively, improve the plant fuel consumption rate, decrease the enterprise production cost and enhance the power generation market offer competition, it shall establish the power generation market comprehensive data support platform, record the whole plant production condition, furnace feeding data, combustion rate, coal yard inventory, production daily and monthly reports, predict the plant production activities through multiple ways including the relevant indicator analysis and trend analysis, etc. and improve the plant competition in the market.
9	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Energy management center building research and application	Optimization and upgrade of the current energy consumption information system	Completed	The plant is equipped with good energy consumption information foundation and complete energy consumption data measurement, statistics and analysis systems, which provide a good basis for the energy management center establishment. Based on the current energy consumption collection and analysis systems, the optimization and upgrade combining the market requirements on the energy management center will save resources effectively, avoid the repeated construction, realize the energy consumption data transparency, energy efficiency index standardization and long service life of systems and achieve maximum work efficiency within the minimum time.

No	Project company name	Project name	Purpose	Project progress	Target and influence
10	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	PD net safety protection construction project	In accordance with the outline and content of Provisions on the Security Protection of the Electric Power Monitoring Systems, Notice of Special Check Work on Security Protection of the Electric Power Monitoring Systems of National Energy Administration, Protection Assessment on Information Security Level in Power Industry, Special Check on Security Protection of the Electric Power Monitoring Systems of Guangzhou Yudean Group Co., Ltd. and Guangdong Power Grid Power Dispatching Control Center File, etc. of NDRC, conduct the PDnet information safety construction and plan to adopt the principle of the safety strengthening work for major projects prior to those with low situation gravity.	Completed	(1) Threat evaluation platform construction: conduct the regular safety risk evaluation on the power secondary system network and related mainframe, special power communication protocol and sub-stations. (2) Log audit system establishment: realize the log audit for safety and network equipment in the power secondary system production control large zones, the zone application system log collection and uniform management. (3) Risk evaluation grading filing: invite any third party evaluation agency to conduct the safety risk evaluation on major information system of the Plant and file the same with Ministry of Public Security. (4) Purchase the three-year feature library upgrade license for PDnet intrusion detection management system (Venus technology).
11	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Networking construction at the side of Shajiao A for the emergency command system	Establish the video surveillance connecting with the group directly through the information way and build the video surveillance subsystem between the group and the Plant	Completed	Build the networking for the digital video surveillance of the Plant, make the normal connection of the HD camera gun and HD multimedia video surveillance data into the surveillance network, realize the uniform video surveillance center for the plant and build the special network for the video surveillance of the Plant.
12	Guangdong Electric Power Development Co., Ltd. Shajiao A Power Plant	Operating management platform expansion	To standardize the company internal management, improve the work efficiency, connect the communication channel of departments and eliminate the information isolated island	Completed	Facilitate the transmission and share of various types of data, meet the target requirements of information concentration and effective management, build the uniform operating management information platform between Jinfa and Essence, improve the enterprise management level through information ways and the market competition.

No	Project company name	Project name	Purpose	Project progress	Target and influence
13	Guangzhou Huizhou Natural Gas Power Generation Co., Ltd.	Equipment point inspection system and hardware upgrade and transformation	Develop point inspection APP, realize the site point inspection through the smartphone, decrease the purchase cost of the point inspector and break the original manufacturer restriction on hardware; optimize and upgrade the original system combining the equipment point inspection usage current situation of the plant and management demand.	Development and test of each functional modules of the system	Break the traditional point inspector single point patrol inspection mode and the bottleneck about the incompatibility of the original point inspection system with the third party hardware and equipment, establish the equipment management information platform and mobile phone APP for integrating relevant manufacturing data of the power plant, realizing the real-time data inquiry during the point inspection, data share and the equipment information integration purpose.
14	Guangzhou Huizhou Natural Gas Power Generation Co., Ltd.	Information security level protection assessment project in 2017	Conduct the information safety level protection assessment work for the current three platform systems (including 19 subsystems) and the main content includes preparing the grading filing documents for three Grade II information systems after integration, assisting the local public security department in grading filing, conducting the information safety level assessment in terms of the physical computer room, network environment, mainframe environment, application safety and management system, etc., submitting the Information Safety Level Protection Assessment Report and obtaining the level protection filing certificate from Net Department of the municipal public security bureau in the end.	The contractor submits the assessment report (including rectification suggestions) for four systems subject to the contract	Obtaining the level protection filing certificate from Net Department of the municipal public security bureau.

No	Project company name	Project name	Purpose	Project progress	Target and influence
15	Guangzhou Huizhou Natural Gas Power Generation Co., Ltd.	Audit project of server, network equipment, and database comprehensive logs	Based on security considerations, a comprehensive log audit system was researched and deployed in the management information area to centrally store and analyze logs of server hosts, network devices, and databases to detect potential violations and abnormal operating behavior and automatically alert the dangers in real time. The alarm information is sent to the administrator in a timely manner through short message, email, etc. to provide reference for internal security management.	The installation, commissioning and on-site construction of servers, network equipment and databases comprehensive log audit project in 2017 have been completed. In the past half a year, the system has been operating stably.	To keep logs of information assets such as hosts, databases, and network equipment for more than six months to meet the requirements for information security level protection compliance. The log audit system based on large database technology is used for information security association analysis and information security status assessment to establish a company information security analysis platform.
16	Guangzhou Huizhou Natural Gas Power Generation Co., Ltd.	Training base project development for relay protection and electrical control system	To establish a practical training base for relay protection, strengthen the relay protection training of production technicians in the power generation industry, and carry out relay protection competitions, etc.	The design has been completed, the hardware construction and site reconstruction are in the construction process.	To carry out practical exercises and textbook development simultaneously.
17	Guangzhou Huizhou Natural Gas Power Generation Co., Ltd.	Reinforcement project for security protection of power monitoring system	According to the stipulations of the [Regulations on the safety Protection of Power Monitoring System of the NDRC 2014 No. 14 order] and the supporting documents [Overall safety protection plan for the power monitoring system], an intrusion detection system and a network operation and maintenance auditing system should be deployed at the border of the production control region, so as to realize the intrusion detection of the business systems and the horizontal and vertical	All the contents in the engineering list of "Security Protection and Reinforcement Project of Power Monitoring System" have been completed.	The system runs stably, and all service communications in the real-time and non-real-time areas of the scheduling data network are normal. The company's power monitoring system satisfies the security protection requirements for the intrusion detection system, operation and maintenance security auditing, longitudinal encryption authentication device, and dispatch data network in the <i>Safety Protection Technical Specifications of South Network Power Monitoring System</i> .

No	Project company name	Project name	Purpose	Project progress	Target and influence
			tical network boundaries of each production control region, capture the abnormal behavior of the network in time, and analyze potential threats. At the same time, it audits and controls all operational activities of internal and external maintenance personnel's logging on network devices and hosts, and prevents internal and external operation and maintenance personnel from performing malicious or non-malicious destruction of key systems and devices.		
18	Guangzhou Huizhou Natural Gas Power Generation Co., Ltd.	Security protection project for application system of management information large region	To deploy an SSL encryption system in the management information region to encrypt the access of the data transmission traffic of the business system to ensure the confidentiality, integrity, authenticity and non-repudiation of the business data and meet the compliance requirements of level protection.	The deployment of a load balancing device has been completed and the project acceptance has been completed.	The deployment of load balancing methods such as the basic level units has been completed, which satisfies the requirements for encrypted transmitting of business data.
19	Zhanjiang Zhongyue Energy Co., Ltd.	Energy saving and economic improvement of 2*600MW units	To reduce the coal consumption of the power supply unit and solve the problem of high energy consumption of the unit.	The project has been completed and performance tests are to be conducted to assess the energy savings.	The goal is to achieve a coal consumption of no more than 310g/KWh for power supply and a capacity increase up to 630MW for the unit. The transformation will increase the core competitiveness of the unit, reduce the emission of pollutants such as carbon dioxide, sulfur dioxide, and nitrogen oxides. The energy saving and emission reduction has achieved remarkable results.

No	Project company name	Project name	Purpose	Project progress	Target and influence
20	Zhanjiang Zhongyue Energy Co., Ltd.	Feasibility study of follow-up concentration and curing treatment of wastewater treatment system	Based on the specific water quality characteristics of resin regenerated acid-alkali wastewater and desulfurization wastewater, a variety of wastewater treatment technologies are compared and evaluated for the concentration and solidification treatment route of resin-regenerated acid-alkaline wastewater and desulfurization wastewater, and the subsequent evaporative crystallization treatment process for the wastewater treatment system that is most suitable for the power plant is derived, and the scheme design and investment estimation are carried out, which is the important basis for the power plant to make investment decisions for the renovation project.	The pre-bidding investigation was conducted in May 2017. It was learned that the actual operation time of the relevant technical route was short and the performance was low. Most of them were experimental demonstration projects. Therefore, this feasibility study project was carried forward to 2018.	At present, there are many technical routes for concentration and solidification of resin-regenerated acid-alkaline wastewater and desulfurization wastewater. Investment and operating costs for the evaporation and crystallization processes are high. According to the specific water quality characteristics of resin regenerated acid and alkali wastewater and desulfurization wastewater, comparison and selection will be made among various wastewater treatment technologies to obtain the most suitable evaporative crystallization treatment process for the wastewater treatment system of the power plant. The scheme design and investment estimation will also be carried out, which is the important basis for the power plant to make investment decisions for the renovation project.
21	Zhanjiang Zhongyue Energy Co., Ltd.	Research and optimization of advanced treatment system process of reclaimed water reuse	To optimize the aeration biological filter process parameters, improve the combined treatment efficiency of recycled water reuse process, further effectively remove total nitrogen and COD from the wastewater, and reduce the time cost and capital cost of frequent anti-cleaning and replacement of the subsequent double-membrane treatment system.	Process research report and review have been completed, and 2 patents are now being applied.	Focusing on nitrogen removal in biological aerated filter systems, laboratory pilot tests and on-site pilot tests were conducted, and proposals for modification of nitrification and denitrification were proposed. In view of the difficulties in on-site construction, the aerobic and denitrifying dominant bacteria are further screened on the basis of the completion of the project and verified on site.
22	Zhanjiang Zhongyue Energy Co., Ltd.	Portal system renovation project	To carry out the data combing of more than a dozen of application modules such as chemical affairs management, rationalization proposals, supervision management, work plan management, etc. which have been put into operation, and i	Completed	The data, business processes, and forms of the company's portal system are sorted out, which will facilitate the system's data exchange and business information synchronization, and enable the system to serve the creation of "five-star team" activities.

No	Project company name	Project name	Purpose	Project progress	Target and influence
			increase the construction of team management function module.		
23	Guangdong Province Shaoguan Yuejiang Power Generation Co., Ltd.	Maintenance of ORACLE products and related application software	To provide daily inspection and maintenance of company database to ensure the integrity and normal operation of company database data.	To check and optimize the database every quarter to optimize multiple systems that use the database.	To ensure the data integrity of the company database, improve the operating efficiency of the database, increase the security of the database.
24	Zhanjiang Power Co., Ltd.	Development and implementation of some administrative office management systems	1. To establish unified unstructured data ; 2. Based on the established unstructured data center, to collate and import the unstructured data that has been generated in the current business system; 3. To transform the current application system to support unstructured data centers; 4. To optimize current system functions with the support of unstructured data center, especially the management and application of unstructured data.	The system has been put into trial operation and is undergoing optimization and adjustment in the later period.	Objective: To establish a company's unstructured data center to optimize unified management of document-based unstructured data. To solve the problem that the current unstructured data management is decentralized and cannot be applied efficiently. Impact: To realize unified management and access to unstructured data; and realize content retrieval and accurate retrieval of these data, and improve the application capabilities for such data.

No	Project company name	Project name	Purpose	Project progress	Target and influence
25	Zhanjiang Power Co., Ltd.	Functional optimization and improvement of some business management systems	1. Through the data interface to achieve data communication of the three platforms and automatic connection of businesses; 2. The optimization and integration of the business on the three platforms will reduce the duplication of business processing and improve the effectiveness of the business.	The project has been implemented. The integration of the three platform data, the convergence of services, and the optimization of functions have been completed, and have been put into operation so far. The business processing is smooth	The functions of some business systems currently such as budget management and material management are adjusted to realize the automatic connection, integration, and optimization of these businesses with YUDEAN Business Network and the production project management system; based on the integration of the three platform data into the PAM platform, all the business functions of the engineering project management system module in the PAM platform except for the business transaction management are restored, and the impact of the inability to use multiple functions after switching from the production project management business to the production project management system is solved.
26	Zhanjiang Power Co., Ltd.	Technology Research and Demonstration Application of Comprehensive Utilization of Urban Reclaimed Water in Large Power Plants	With the urban reclaimed water (from sewage treatment plants) as the water source and the safe use of reclaimed water in thermal power plant as the research objective, the urban sewage reuse technology system developed for thermal power plants can provide technical support for water conservation and wastewater reuse in thermal power plants of southern China, whether urban sewage after deep treatment is used as the water source.	The technical research on the comprehensive utilization of urban reclaimed water in large-scale power plants has been completed and fully applied in Zhanjiang Power Co., Ltd., thus achieving good effects in use.	The influence on the thermal system is studied when the urban reclaimed water after deep treatment is used as the boiler water supply, so as to ensure the boiler safety; the influence of the reuse of high-concentration brine on the desulfurization system is studied, and the optimum control conditions of high-concentration brine reuse for the desulfurization system is obtained through experiment; the content of dual / echelon use technology of urban reclaimed water in power plant subsystems forms the technology system of the urban sewage after deep treatment as the water source of large thermal power plants and the reuse of power plant drainage (wastewater). It achieves water saving and wastewater recycling of power plants.

No	Project company name	Project name	Purpose	Project progress	Target and influence
27	Zhanjiang Power Co., Ltd.	Instant Messaging Platform Transformation	A unified instant messaging push platform is established to achieve the push of instant messages of the information system to relevant personnel by means of SMS, WeChat and mobile APP, and simultaneously the provides a standard service interface for new applications so that the newly developed system in the future can push instant messages of the business system through the standard call on the platform.	Completed	The platform realizes the integration with several current core business systems and the push of instant messages on these platforms, which include: information portal platform, PAM platform, SIS platform and various existing mobile phone SMS notification businesses switching to the new platform. The information portal is highly integrated, including unified use of the organization and personnel data of the current information portal, thus avoiding multiple data sources; and achieving flexible authorization management.
28	Zhanjiang Power Co., Ltd.	WAN interconnection communication link costs	By leasing the communication link of the operator, it achieves the data communication between the company and the group, government departments and other companies, and the mobile office and external data collection of employees in the company.	Completed	The data communication between the company and the group, government departments and other companies, and the mobile office and external data collection of employees in the company can be achieved at a low cost, thus reducing the one-time investment and maintenance costs of this part of communication link.
29	Zhanjiang Power Co., Ltd.	WAN Interconnection Communication Link Lease and IT Service Lease Costs	By leasing the communication link from the operator, it achieves the data communication between the company and the group, government departments, and other companies, as well as mobile office and external data collection of the company's employees.	Completed	The data communication between the company and the group, government departments and other companies, and the mobile office and external data collection of employees in the company can be achieved at a low cost, thus reducing the one-time investment and maintenance costs of this part of communication link.
30	Zhanjiang Power Co., Ltd.	Application Development and Implementation Based on Mobile Intelligent Terminal	Based on the data and service platform of the current information system, various application systems mainly including desktop terminals are extended to mobile smart terminals. The various functions (business processing function, data display function, etc.) of the existing main application systems will be implemented on the APP of mobile smart terminal to realize mobile office work and increase work efficiency.	Completed	It can process the most of application businesses and obtain the required data on the mobile intelligent terminal, thus greatly improving work efficiency.

No	Project company name	Project name	Purpose	Project progress	Target and influence
31	Zhanjiang Power Co., Ltd.	Application Research of Entire-Process Fuel Application Chain Optimization System	Through the application research of the entire process of the fuel application chain optimization system, this project aims to achieve the energy savings and efficiency.	The preliminary research is conducted, and the successful bidder for the research project of the entire process of the fuel chain application optimization system is implemented.	(1) Operation and function optimization are conducted to the existing coal yard dispatch management system. (2) A accuracy check of the raw coal bunker level meter provides reliable support for the dynamic monitoring of the raw coal bunker. (3) The real-time dynamic monitoring and management function raw coal bunkers is added based on the existing coal yard dispatch management system. The system automatically records the real-time coal mixing and burning conditions and automatically calculate, the optimal mix ratio under the current conditions, thus achieving the operational optimization guidance. (4) The historical operating condition data and basic data are analyzed to achieve the optimization of mix-burning optimization, LCOE optimization, stock structure optimization and purchase strategy optimization, as well as the targets of energy saving, consumption reduction and efficiency increase. (5) Through the analysis of relevant coalfield data, the statistical analysis of various input, consumption, storage, and related economic indicators can be achieved to assist decision-making for each post.
32	Zhanjiang Power Co., Ltd.	Supervisory Information System (SIS) Mirror Server Platform Construction	1. To build a mirror database system for real-time databases to improve the reliability and security of real-time databases; 2. With the support of the mirror database system, the network structure of the SIS is optimized so as to improve the security of the system, and in particular to improve the security of the production control system.	The project has been completed and the system has been online and put in to operation.	Through the transformation and optimization of original SIS system architecture, the system security performance is improved. The system load is balanced by configuring the real-time database mirror server, thus improving the operation speed and available performance of the system. Through the addition of new servers and storage spaces, the system increases the storage of real-time/ historical data and extend storage cycle of the production process data. This solves the problem of inadequate analysis of historical data of units and equipment due to insufficient data storage cycles.

No	Project company name	Project name	Purpose	Project progress	Target and influence
33	Zhanjiang Power Co., Ltd.	Deepening Application of Supervisory Information System (SIS)	1. To establish a highly integrated equipment lifecycle data platform that integrates asset (equipment) management data, asset (equipment) maintenance and repair management process data, and material management and other operational management data; 2. To utilize the data mining and other methods and technologies of big data applications for establishing advanced applications of device management, such as device status tracking and degradation analysis and fault alarm of equipment fault etc.	1. The data integration has been completed and the data platform has been established; 2. The development of early warning of faults and other functions has been completed; 3. The integration of SIS and EAM application functions of has been basically completed and they are being tested and optimized.	A big data platform is established for the entire life cycle of the equipment, and the big data technology is utilized to improve the status detecting and tracking ability of unit (equipment), thus realizing automatic early warning of equipment status, improving the monitoring ability of equipment and providing data support for the repair decision of the equipment.
34	Guangdong Red Bay Power Generation Co., Ltd.	2017 Software Legalization	To guarantee the use of genuine software by the company	Completed	Complying with national laws and regulations
35	Guangdong Red Bay Power Generation Co., Ltd.	3# Unit Boiler (660MW Ultra Supercritical) Combustion Regulation and Optimization	The optimal operating conditions of boiler is sought through experiments, so as to improve the running safe and economic performance of the boiler, exploit the potential for energy saving and provide the basic data for the operation regulation.	Completed	According to the “Notice of the General Office of the State Council on Issuing the Program of Action for the Energy Development Strategy (2014-2020)” (No. 31 [2014] Issued by the General Office the State Council), this project is formulated to accelerate the energy production and consumption revolution and further improve the efficient and clean development level of coal-fired power; it can solve the problem of low boiler efficiency (0.5% to 0.8% lower than the design value; meanwhile, the serious high-temperature corrosion of cold side of the water-cooled wall, unideal NOX emission).

No	Project company name	Project name	Purpose	Project progress	Target and influence
36	Guangdong Red Bay Power Generation Co., Ltd.	Establishment and Application of Enterprise Management System Based on Risk Prevention and Control	To further systematize, standardize and scientize the risk management that has been dispersed in safety production, financial management, legal affairs, strategic management, infrastructure management, business management and environmental protection, so as to achieve the goals of meeting external regulatory requirements and enhancing risk prevention and control.	The project has been completed. The rights, flows, risks and execution basis have been systematically optimized for 97 core business processes of the company.	An organically integrated system covering all regulatory requirements, superior management and company management can meet external regulatory requirements and enhance risk prevention and control.
37	Guangdong Red Bay Power Generation Co., Ltd.	Standard Implementation and Certification Consulting of the Management System for Integration of Informatization and Industrialization	To establish a management system for integration of informatization and industrialization	Completed	A management system for integration of informatization and industrialization is established in response to the state requirements, to build or maintain the new capabilities of enterprises with core competitiveness
38	Guangdong Red Bay Power Generation Co., Ltd.	Valve Management and Energy Saving Optimization of 3# Unit Steam Turbine	The sequence valve and mutual switching functions are added to the original DEH compound valve steam distribution mode of 3# unit. The optimal main steam pressure bivariate function of medium and low loads is set by the sliding pressure optimization test; The response of AGC and primary frequency modulation is optimized by the variable flow control of condensate water.	The project has completed the valve flow characteristics test, logic configuration and loading, and sequence valve switching test. At present, the sliding pressure optimization test and the condensate flow control commissioning are to be performed.	The steam distribution mode and DEH logic are changed to ensure the safe and economical continuous operation without affecting FCB function of the unit. New steam distribution mode can be implemented within the load range from 230MW to 660MW, ensure the safe and economical operation of the steam turbine, and meet the peak load and frequency regulation requirements of the unit. The original steam distribution mode is retained, and it can switch back to the original control mode freely. In the event of fault, the new steam distribution mode can also meet the unit shutdown requirements. After the implementation of this project, the standard coal consumption for power generation decreases by 1.5g/kWh and above (40% to 75% load conditions). The commissioning hasn't been finished, and the energy-saving effects are to be evaluated.

No	Project company name	Project name	Purpose	Project progress	Target and influence
39	Guangdong Red Bay Power Generation Co., Ltd.	HCM System Data Reconstruction Project	To rebuild the HCM System and maintain data integrity	Completed	The project development data import tool complements key data of HCM through other data sources (including daily static data of business personnel, Discover system result data, BIEE result data, and attendance system data). Finally it restores the normal operation of the HCM system.
40	Guangdong Red Bay Power Generation Co., Ltd.	Deep Peak Load Regulating Operation Strategy and Energy Saving Optimization of 660MW Ultra Supercritical Unit	The sequence valve and mutual switching functions are added to the original DEH compound valve steam distribution mode of 4# unit. The optimal main steam pressure bivariate function of medium and low loads is set by the sliding pressure optimization test; The response of AGC and primary frequency modulation is optimized by the variable flow control of condensate water. The minimum flow valve control function of the steam pump is set as automatic control of minimum flow valve.	Completed	The steam distribution mode and DEH logic are changed to ensure the safe and economical continuous operation without affecting FCB function of the unit. New steam distribution mode can be implemented within the load range from 230MW to 660MW, ensure the safe and economical operation of the steam turbine, and meet the peak load and frequency regulation requirements of the unit. The original steam distribution mode is retained, and it can switch back to the original control mode freely. In the event of fault, the new steam distribution mode can also meet the unit shutdown requirements. After the implementation of this project, the standard coal consumption for power generation decreases by 1.5g/kWh and above (40% to 75% load conditions). Based on the comprehensive analysis, after optimization of the steam distribution of 4# steam turbine, the target value is achieved when the heat loss rate at medium and low load is reduced by more than 46.5kJ/(kW·h) and the equivalent coal consumption is reduced by 1.7g/(kW·h).
41	Guangdong Red Bay Power Generation Co., Ltd.	2017 Core Network Equipment Reliability Improvement	To optimize and improve the company's major network equipment and ensure the reliability and stability of the network backbone	Completed	The backbone network and key network devices achieve the device stacking and improve reliability and stability. The performance bottlenecks shall be eliminated to avoid the normal production management due to equipment problems.

No	Project company name	Project name	Purpose	Project progress	Target and influence
42	Guangdong Red Bay Power Generation Co., Ltd.	MAXIMO-based Financial Business Integration System Project	To achieve the seamless connection between the current production management system and the financial system ERP, data sharing and closed-loop business management, and integrated management of finance and services, improve the data accuracy and effectiveness, increase work efficiency to reduce repeated data entry, and realize the effective collection and sharing transparency of information.	Completed	It achieves the seamless connection between the current production management system and the financial system ERP, data sharing and closed-loop business management, and integrated management of finance and services
43	Guangdong Red Bay Power Generation Co., Ltd.	Reliability-based All-around Equipment Management	The current power system reform, fierce competition of the power generation market, implementation of West-to-East power transmission and electricity price bidding lead to a severe situation that the available hours of power plant units in Guangdong are generally unsatisfactory, and meanwhile higher requirements are placed on equipment reliability. However, due to inadequate skills of equipment management and maintenance personnel and insufficient management of maintenance teams of power plants, the number of unplanned outage of units increases significantly in recent years and the equipment stability drops drastically. The original equipment monitoring model and the contractor management are too simple to be able to achieve all-round management of equipment and contractors. The all-around equipment management needs to be achieved.	The entire project has completed the safety evaluation, correction and improvement, and the establishment and use of the standard operation plan database.	1. Through the improvement of equipment status management, SIS real-time monitoring and spot inspection (including data alarms, historical curves, real-time curves, etc.), and full-time spot and patrol inspection of site equipment, it can achieve the all-around management of all equipment. 2. Then, the RCM (reliability-centered maintenance) analysis results and the monthly analysis of equipment are integrated. It is further converted to the elimination of defects, preventive maintenance, and other maintenance work to establish the standard operation plan database, so that operators can now implement standards and avoid missing and omissions. 3. The contractors are controlled from four aspects: personnel management (attendance, change, etc.), inspection and evaluation, safety quality management, and monthly contractor evaluation. The above content is transferred to the production management information system and ensures implementation by information means. The equipment reliability shall be improved to achieve all-around management of equipment.
44	Guangdong Red Bay Power Generation Co., Ltd.	Development of the Electronic Courseware of 25 Key Requirements for the Prevention of Electricity	To realize the online learning of 25 Key Requirements for the Prevention of Electricity Production Accidents	Completed	It achieves the goal of online learning of 25 Key Requirements for the Prevention of Electricity Production Accidents by all units of the Group

No	Project company name	Project name	Purpose	Project progress	Target and influence
		Production Accidents			
45	Guangdong Red Bay Power Generation Co., Ltd.	(Biee and HCM) Data Security	To optimize and perfect the HCM system and interface with the intelligent analysis system	Completed	According to the company's management requirements, the HCM system is optimized and improved to develop new business processes and modules, and the interface with the intelligent analysis system is updated.
46	Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd.	Intelligent Status Monitoring and Operation and Maintenance Scheduling System of Large-scale Wind Farms	To reduce the maintenance time of wind turbine generators, raise the availability of wind farms, and provide wind power operators with the optimized operation and intelligent management of wind farms, few-attended or unattended management, and intensive management of equipment and operation and maintenance personnel; help operators to achieve intelligent, efficient and low-cost operations	The project has been reviewed and approved by the expert team on April 14, 2018, and applied in both Yangqian Wind Farm and Yongshi Wind Farm of Zhanjiang Wind Power Co., Ltd.	The project has completed researches of the uniform monitoring of real-time status and fault prediction technologies; intelligent remote status monitoring and health evaluation technologies of wind farms; intelligent dispatching model for operation and maintenance repair resources of wind farms; development and demonstration of intelligent status monitoring and operation and maintenance scheduling system of large-scale wind farms
47	Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd.	Wind Power Management Standards of the Group	The standards compiled by the wind power companies under the Group are not uniform, with different depths and copies. The project aims to reduce repeat and the workload of each wind power company for revising standards, better concentrate technical strength and efforts for standard revision and provide management basis for new wind power projects.	Completed	The "Uniform Production Management System for Wind Power Generation Enterprises" is established by the Group to provide templates for other wind power companies in the system to replicate and promote
48	Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd.	Patent Application Agent Fee	To improve production equipment, enhance equipment reliability, reduce failure rate, and protect intellectual property rights of the company.	Two patent certificates have been obtained and the others are accepted and to be approved	The national patent authorization has been acquired to protect intellectual property rights.

No	Project company name	Project name	Purpose	Project progress	Target and influence
				d.	
49	Maoming Zhenneng Thermoelectric co., Ltd.	Patent Application Agent Fee	To improve production equipment, enhance equipment reliability, reduce failure rate, and protect intellectual property rights of the company.	Two patent certificates have been obtained and the others are accepted and to be approved.	The national patent authorization has been acquired to protect intellectual property rights.

Situation of Research and Development Input by the Company

	2017	2016	Increase/Decrease(%)
Number of Research and Development persons (persons)	357	341	4.69%
Proportion of Research and Development persons	5.13%	5.16%	-0.03%
Amount of Research and Development Investment (Yuan)	27,896,103	20,591,025	35.48%
Proportion of Research and Development Investment of Operation Revenue	0.10%	0.09%	0.01%
Amount of Research and Development Investment Capitalization (Yuan)	10,915,230	5,228,583	108.76%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	39.13%	25.39%	13.74%

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

☐ Applicable ☒ Not applicable

Explanation of the Reason for Substantial Changes in the Research and Development Input's Capitalization Rate and Its Reasonableness

☐ Applicable ☒ Not applicable

5.Cash Flow

In RMB

Items	2017	2016	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	31,168,841,936	25,227,420,875	23.55%
Subtotal of cash outflow received from operation activities	27,492,807,433	16,522,645,057	66.39%
Net cash flow arising from operating activities	3,676,034,503	8,704,775,818	-57.77%
Subtotal of cash inflow received from investing activities	272,155,161	534,734,411	-49.10%
Subtotal of cash outflow for investment activities	3,555,163,705	3,315,903,498	7.22%
Net cash flow arising from investment activities	-3,283,008,544	-2,781,169,087	18.04%
Subtotal cash inflow received from financing activities	14,959,157,340	12,506,909,008	19.61%
Subtotal cash outflow for financing activities	15,540,475,704	18,473,048,814	-15.87%
Net cash flow arising from financing activities	-581,318,364	-5,966,139,806	-90.26%
Net increase in cash and cash equivalents	-188,293,160	-42,533,075	342.70%

Notes to the year-on-year change of the relevant data

☒ Applicable ☐ Not applicable

1.The cash outflow from operating activities increased by 66.39% ,The mainly due to the increase in coal prices and the shortening of the period for the payable payment to coal purchase during the period.

2. Net cash flow arising from operating activities decreased by 57.77% ,The Mainly due to the increase in coal prices and the shortening of the period for the payable payment to coal purchase, thus led to an increase in cash outflow.

3. The cash inflow received from investing activities decreased by 49,10, The Mainly due to the decrease in the dividend distribution from joint ventures and associated companies.

4. Net cash flow arising from financing activities decreased by 90.26%, the Mainly due to the repayment of ultra-short-term financing bonds during the current period.

5. Net increase in cash and cash equivalents decreased by 342.70% ,the Mainly due to the decrease in the net cash flow from operating activities and the increase in net cash flows from investing activities during the reporting period.

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

√Applicable □ Not applicable

The main impact of non-cash outflow of assets, depreciation and amortization, interest expense of non-business activities.

III. Analysis of Non-core Business

□Applicable √Not applicable

IV. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

In RMB

	End of 2017		End of 2016		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	4,996,580,490	7.04%	5,184,873,650	7.34%	-0.30%	
Accounts receivable	2,826,237,259	3.98%	2,776,061,909	3.93%	0.05%	
Inventories	1,527,634,773	2.15%	1,513,153,241	2.14%	0.01%	
Investment real estate	8,296,639	0.01%	8,932,237	0.01%	0 %	
Long-term equity investment	5,801,006,412	8.17%	5,432,637,750	7.69%	0.48%	
Fixed assets	40,996,206,316	57.74%	41,814,685,521	59.16%	-1.42%	
Construction in process	8,467,687,340	11.93%	6,343,293,763	8.98%	2.95%	
Short-term loans	9,270,000,000	13.05%	5,758,860,000	8.15%	4.90%	
Long-term loans	19,465,723,869	27.41%	19,888,172,037	28.14%	-0.73%	

2. Asset and Liabilities Measured by Fair Value

√ Applicable □ Not applicable

In RMB

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Amount at year end
Financial assets							
3. variable-for-sale financial assets	419,736,308	-10,743,323	153,664,369				408,992,985
Total	419,736,308	-10,743,323	153,664,369				408,992,985
Financial Liability	0						0

Did great change take place in measurement of the principal assets in the reporting period ?

☐ Yes ☒ No

3. Restricted asset rights as of the end of this Reporting Period

(1) Asset mortgage status

As at December 31, 2017, the Company has the accounts receivable with a carrying amount of RMB 402,847,793 (December 31, 2016: RMB 316,986,314), which, together with online sales charging right of several power generation subsidiaries, was pledged to the bank to obtain long-term borrowings of RMB 2,698,978,707, including: the long-term borrowings due within one year amounted to RMB 209,579,575. The borrowings are detailed as follows:

As at December 31, 2017, the long-term pledge borrowings of the following subsidiaries were based on their power fee charging rights and accounts receivable as pledges:

		December 31, 2017	December 31, 2016
Yuejiang Power Generation	(i)	2,276,504,889	2,223,720,000
Leizhou Wind Power	(ii)	188,420,594	-
Zhanjiang Wind Power	(iii)	156,465,000	173,985,000
Xuwen Wind Power	(iv)	77,588,224	139,591,396
		<u>2,698,978,707</u>	<u>2,537,296,396</u>

As at December 31, 2017, the long-term pledge borrowings of the following subsidiaries due within one year were based on their power fee charging rights and accounts receivable as pledges:

	December 31, 2017	December 31, 2016
Yuejiang Power Generation	180,897,292	105,353,210
Zhanjiang Wind Power	17,520,000	17,520,000
Xuwen Wind Power	10,062,668	61,323,080
Leizhou Wind Power	1,099,615	-
	<u>209,579,575</u>	<u>184,196,290</u>

(2) Asset mortgage status

As at December 31, 2017, the company has the power generation equipment with a carrying amount of RMB 757,878,678 (original value of RMB 2,562,570,238) (December 31, 2016: carrying amount RMB 816,058,138 and original value RMB 2,562,570,238), which was mortgaged for a long-term borrowing of RMB 85,000,000 (December 31, 2016: RMB 226,400,000). The borrowing is detailed as follows:

The long-term borrowing of Shenzhen Guangqian Power Co., Ltd. ("Guangqian Power") is RMB 85,000,000 (December 31, 2016: RMB 226,400,000) with an interest rate of 4.41% to 4.86% (December 31, 2016: 4.41% to 5.09%).

V. Investment situation

1. General

√ Applicable ☐ Not applicable

Investment Amount in 2017(RMB)	Investment Amount in 2016(RMB)	Change rate
585,140,000	857,880,000	-31.79%

2. Condition of Acquiring Significant Share Right Investment during the Report Period

√ Applicable ☐ Not applicable

In RMB

Name of the Company Invested	Main Business	Investment Way	Investment Amount	Share Proportion %	Capital Source	Partner	Investment Horizon	Product Type	Progress up to Balance Sheet Date	revenue projection	Gain or Less or the Current Investment	Whether to Involve in Lawsuit	Date of Disclosure(Note 5)	Disclosure Index
Guangdong Yudean Bohe Coal-fired Power Co., Ltd	Thermal power, logistics	Capital increase	244,000,000	100 %	Own funds	No	Long-term	Electric power	The total construction progress for the wharf project maritime work is completed about 80.69% and the power plant project is not approved		-113,050,635	No	October 31, 2012	Announcement No.2012-45)Published in China Securities Daily, Securities Times and http://www.cninfo.com.cn
Guangdong Yudean Property Insurance Co., Ltd.	Property Insurance	Newly established	147,000,000	49 %	Own funds	Guangdong Yudean Group (shareholding ratio: 51%)	Long-term	Insurance	On October 30, 2017, it officially obtained the Approval by the China Insurance Regulatory Commission and the "Insurance Institution Legal Person License", and completed the industrial and commercial registration on November 10, 2017.		-1,678,170	No	December 12, 2015	Announcement No.2015-52)Published in China Securities Daily, Securities Times and http://www.cninfo.com.cn
Tongdao Yuexin Wind Power Generation Co., Ltd.	Wind Power generation	Newly established	10,000,000	100 %	Own funds	No	Long-term	Electric power	During the reporting period, the Tongdao wind power project was in the upfront stage of work, not-yet started the construction.		-18,585	No	October 29, 2016	Announcement No.2016-45)Published in China Securities Daily, Securities Times and http://www.cninfo.com.cn
Guangdong Huizhou Natural Gas Thermoelectric	Thermal power	Capital increase	95,090,000	67 %	Own funds	CNOOC Refco Group Ltd (Sharehold	Long-term	Electric power	89.7% of construction engineering was completed and			No	April 26, 2013	Announcement No.2013-36)Published

c Co., Ltd.						ing ratio: 33%)			25.8% of installation engineering was completed.					in China Securities Daily, Securities Times and http://.www.cninfo.com .cn
Guangdong Yu dean Huadu Natural Gas Thermoelectric Co., Ltd.	Thermal power	Capital increase	89,050,000	65 %	Own funds	Guangdong Guokun New Energy Co., Ltd. (Shareholdin g ratio: 35%)	Long-term	Electric power	The preparation work is underway before the start of the project.		7,013,969.95	No	April 26, 2017	Announcement No.2017-14)Published in China Securities Daily, Securities Times and http://.www.cninfo.com .cn
合计	--	--	585,140,000	--	--	--	--	--	--	0	-107,733,420. 05	--	--	--

3. Situation of the Significant Non-equity Investment Undergoing in the Report Period

□ Applicable √ Not applicable

4. Investment of Financial Asset

(1) Securities investment

√ Applicable □ Not applicable

In RMB

Security category	Security code	Stock Abbreviation:	Initial investment cost	Mode of accounting measurement	Book value balance at the beginning of the reporting period	Changes in fair value of the this period	Cumulative fair value changes in equity	Purchase amount in the this period	Sale amount in the this period	Gain/loss of the reporting period	Book value balance at the end of the reporting period	Accounting items	Source of the shares
Domestic and foreign stocks	600642	Shenergy	235,837,988	Fair value measurement	325,974,308	-555,323	89,580,997				325,418,985	Financial assets available for sales	Own-Funds
Domestic and foreign stocks	000027	Shenzhen Energy	15,890,628	Fair value measurement	86,562,000	-10,206,000	60,465,372				76,356,000	Financial assets available for sales	Own-Funds
Domestic and foreign stocks	831039	NEEQ	3,600,000	Fair value measurement	7,200,000	18,000	3,618,000				7,218,000	Financial assets available for sales	Own-Funds

Total	255,328,616	--	419,736,308	-10,743,323	153,664,369	0	0	0	408,992,985	--	--
Disclosure date for the notice of approval by the Board (If any)											
Disclosure date for the notice of approval by shareholders' Meeting (If any)											

(2) Investment in Derivatives

☐ Applicable ☒ Not applicable
Nil

5.Application of the raised capital

☐ Applicable ☒ Not applicable

Nil

VI.Significant Asset and Right Offering**1.Situation of Significant Asset Sale**

☐ Applicable ☒ Not applicable
Nil

2.Situation of Substantial Stake Sale

☐ Applicable ☒ Not applicable

VII.Analysis of the Main Share Holding Companies and Share Participating Companies

☒ Applicable ☐ Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

In RMB

Company Name	Company type	Sectors engaged in	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shanxi Yudean Energy Co., Ltd.	Sharing company	Coal Investment	1,000,000,000	3,264,544,314	3,041,103,114	655,693	565,118,529	565,119,636
Shenzhen Guangqian Electric Power Co., Ltd.	Subsidiary	Power generation and power station construction.	1,030,292,500	2,094,040,391	1,523,253,523	1,607,356,669	322,131,537	241,451,857
Guangdong Huizhou Pinghai Power Generation Plant Co., Ltd.	Subsidiary	Power generation and power station construction.	1,370,000,000	5,884,492,642	2,034,467,001	3,392,086,464	598,459,639	436,668,322
Guangdong Red Bay Power Generation Co., Ltd.	Subsidiary	Power generation and power station construction.	2,749,750,000	7,175,730,378	3,326,497,779	3,916,842,705	318,848,687	238,262,334
Guangdong Yudean Jinghai Power Generation Co., Ltd.	Subsidiary	Power generation and power station construction.	2,919,272,000	9,739,834,483	3,600,642,695	4,811,801,719	304,467,114	233,130,409
Guangdong Huizhou Natural gas Power Generation Co., Ltd.	Subsidiary	Power generation and power station construction.	1,301,296,300	3,399,189,354	1,751,382,646	1,727,670,061	277,973,477	208,488,731
Zhanjiang Electric Power Co., Ltd.	Subsidiary	Power generation and power station construction.	2,875,440,000	4,409,944,758	4,042,578,246	1,944,172,914	220,034,028	163,992,141
Guangdong Guohua Taishan Power Generation Co., Ltd.	Sharing Company	Power generation and power station	4,669,500,000	11,631,669,933	7,440,528,785	6,858,639,385	809,960,363	596,418,401
Guangdong Power Industry Fuel Company	Sharing Company	Coal Trade	630,000,000	3,094,450,048	1,045,352,463	20,866,250,505	208,402,101	167,764,414
Guangdong Yudean Finance Co., Ltd.	Sharing Company	financial service	2,000,000,000	21,783,668,978	2,749,504,811	639,369,624	373,317,797	301,317,539
Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.	Subsidiary	Power generation and power station construction.	1,400,000,000	7,032,061,448	780,953,688	2,570,511,101	-219,480,121	-221,724,597
Zhanjiang Zhongyue Energy Co., Ltd.	Subsidiary	Power generation and power station construction.	1,454,300,000	4,946,405,691	1,037,440,727	1,289,553,459	-251,236,030	-222,550,671

Acquirement and disposal of subsidiaries in the Reporting period

Company name	Way of acquiring and disposing of subsidiary corporations within the reporting period	Impact on the whole producing operation and performance
Tongdao Yuexin Wind Power Generation Co., Ltd.	Invested	During the reporting period, the Hunan Tongdao wind power project was in the upfront stage of work, not-yet started the construction.
Guangxi Wuxuan Yuefeng New Energy Co., Ltd.(Indirect subsidiary)	Invested	During the reporting period, the project was in the upfront stage of work, not-yet started the construction.
Hunan Xupu Yuefeng New Energy Co., Ltd.(Indirect subsidiary)	Invested	During the reporting period, the project was in the upfront stage of work, not-yet started the construction.
Huizhou Pingdian Energy Co., Ltd.(Indirect Subsidiary)	Invested	No actual operation has been carried out yet in reporting period.

Notes

1. During the reporting period, mainly due to the rise in coal price and the impact of market electricity price-bidding, the profits of most of the coal-fired power plants subordinated to the Company decreased significantly year-on-year, with some subsidiaries such as Yuejiang Company, Zhanjiang Zhongyue, Zhenneng Company and Dapu Company have appeared the loss; the profit of the share-participating company-Guohua Taishan-also dropped significantly year-on-year.
2. The profitability of the Company's clean energy business continued to increase, which accounted for 56.99% of the net profit attributable to shareholders of the parent company, an increase of 11.36 % year-on-year.
3. Affected by the increase in the price of fuel, Shanxi Energy, a share-participating company, gained a large year-on-year increase in profitability. The company's investment income from associates rose as a whole during the reporting period.

VIII.Special purpose vehicle controlled by the Company

☐ Applicable ☒ Not applicable

IX.Prospect for future development of the Company

1. The Development Trend of the Industry

The competition is continuously pluralistic in Chinese power generation industry, Main power assets of the company gather in Guangdong Province. The region there are many other power producers, and greater impact by the west electricity send to the east. From the power supply aspect, the power demands increase slows down with over capacity, the market competition intensifies and the coal-fired power unit utilization hours may decrease continuously as a result of the preferential accessing to the grid policy of the clean energy. Affected by the policy that clean power source is given priority to surf the internet, thermal power is relatively inferior in the competition among power sources. The improvement of the clean power source in energy production and generating efficiency poses a certain pressure on thermal power supply.

2. Development strategy

Pursuing the concept of “creating green energy intentionally”, we will positively arrange and distribute clean energies including wind power, hydropower, and gas power in the future and optimize power generation structure; actively promote the thermal power project to develop large units and suppress small ones, conduct upgrading and

transforming, and promote power quality; strive to explore the power-sold side business, conform to the reformation of electric power system and open up new business areas and development space;

During the “13th Five-year Plan”, the company insists the development concepts of innovation, coordination, green, open and share; sticks to the development mode of innovation and upgrading and platform integration; insists the two-wheel drive development of industrial and capital operation based on Guangdong, facing the whole country and developing the international market; and strives to build the first-rate large-scale group electric listing company at home with international competition, which integrate the traditional energy and new energy generation.

3. Production and operation plan

In 2018, the Company's target value of on-grid electricity in budget according to consolidated statements is 66.934 billion kWh, which is a decrease of 1.042 billion kWh or a decrease of 1.53% compared to the actual amount of on-grid electricity of 67.976 billion kWh in 2017; the budgetary target value of the main business revenue is RMB 25.294 billion, a drop of RMB 1.099 billion or a decrease of 4.16% compared to the actual amount of main business operating revenue of RMB 26.393 billion; the budgetary value for the full-year planned investment is RMB 1.77 billion, an increase of RMB 1.185 billion or an increase of 202.56% over the actual completed investment of RMB 585 million in 2017.

(Note: The above operating plan does not represent the company's profit forecast for 2018, whether it can be achieved depending on various factors such as changes in the electricity market and coal market conditions, thus there is considerable uncertainty, and investors should pay special attention to it.)

4. The background and the countermeasures

First, the business operation will have a growing pressure. As the reform of the electric power system continues to advance, it's estimated that the “market electricity” scale in the province will continue to expand by about 50% in 2018, and with that most of the new increase of nuclear electricity and gas electricity will participate in the price bidding and 60% of the provincial coal-fired power will enter the market for supply, the sales price of electricity may drop significantly under such situation of over-supply. The continuous release of new capacity going-into-production of nuclear power and gas-electric will squeeze the coal-fired power market share, yet the coal price trend is not optimistic. Meantime, it's expected that the capital market will continue to be tight and the interest rates will rise to push up the cost of capital.

Secondly, it imminently needs the breakthroughs in the development limits. The company's coal-based electricity business structure has weak anti-risk capabilities. Although the company has made breakthroughs in its clean energy business in recent years, the proportion is still low, and the development potential of the main business is not enough. In order to open up new profit growth points, the company is also making efforts to use the capital market and to revitalize the stocked resources, but it has yet to make substantive breakthroughs.

Thirdly, the institutional mechanism is not competitive enough. The reform of state-owned enterprises and the process of reform of the electric power system have been accelerating and deepening. Changes in the external environment have brought unprecedented impact on the company. However, the company's internal management mechanism, management and control methods, business models and supporting measures still remain under the state of the original system. Therefore, it is necessary to accelerate the reform of the institution system and mechanism of the Company, and thereby truly increase the vigor and market competitiveness of the Company.

In 2018, which is the beginning of the implementation of the 19th CPC National Congress and the 40th anniversary of reform and opening up, will be a crucial year for the decisive victory to build a well-off society in

an all-round way and to carry out the 13th Five-Year Plan. It also will be a very meaningful year for the company to continuously adjust the structure of assets, innovate the means of development, fit the market competition, and make transformation from production to service. The company will continue to implement the early-warning management in its operations, follow the “green and innovative” road in its development and broaden sources of income and reduce expenditures and adopt multi-channels to guarantee the funds, ensuring that the Company will be operated in a standardized, “strict, meticulous and practical” manner. Firstly, regarding the business management, the Company will strengthen the marketing, strive for "planned electricity" and actively compete for "market electricity". Second, in the aspect of business development, the Company will continue to implement the basic plan and the striving-for plan for the company's strategic development goal of the “13th Five-Year Plan”. In 2018, there will be a total of 11 under-construction projects with a total capacity of 4,628,400 kilowatts, and the Company will, focusing on the Bohe Power Plant project, the Natural gas projects, wind power projects and other clean energy projects, strive for put into the production of installed capacity of 1,479,500 kilowatts. Thirdly, in terms of innovation and development, in conjunction with clearing out “zombie enterprises”, the Company will continue to promote the development of land resources for the subordinate power plants in accordance with local conditions, and promote the development of some lands into the planning, design, investment, and substantive development phases. The Company will explore the use of sea areas, terminals, and other resources of the subordinate power plants, and revitalize other inventory assets; combining with the industry transformation and upgrading, the Company will seize the opportunity of electric power system reform to deeply participate in the electricity-sales market competition, explore the investment opportunities of downstream industries and search for opportunities in incremental electricity distribution network business and energy storage equipment, thus to further expand the electric power industry chain, so as to fully enjoy the dividend of "Electricity reform"; fourthly, in the aspect of standardized operation, the Company will continue to deepen the integration of party building work and business management, optimize the management and control and optimize the institutions and enhance the staff with par to the market competition, and the Company will further explores ways to improve the talent introduction; rewards and incentives and constraint mechanisms, thus to enhance the competitiveness for talents.

X.Particulars about researches, visits and interviews received in this reporting period

1.Particulars about researches, visits and interviews received in this reporting period

√ Applicable □ Not applicable

Reception time	Way of reception	Types of visitors	Basic index
January 12,2017	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website(www.cninfo.com.cn) on 16 January 2017
March 23,2017	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website(www.cninfo.com.cn) on 24 March 2017
September 7,2017	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website(www.cninfo.com.cn) on 11 September 2017.
November 21,2017	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website(www.cninfo.com.cn) on 23 November 2017
Reception times			4
Reception agency amount			22
Reception personal number			0
Others			0
Whether to disclose, reveal or disclose non-public material information			No

V. Important Events

I Specification of profit distribution of common shares and capitalizing of common reserves

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

√Applicable ☐ Not applicable

The profit distribution policy in the Articles of Association of the company is as follows:

Article 161

The company highly valued the investors especially the reasonable investment returns for the small and medium investors, and the company's dividend policy is:

(1) The company's dividend shall be distributed according to the share proportion held by the shareholders.

(2) The company can use cash, stock, cash and stock combination or other means for the distribution of dividends that allowed by the laws, but shall give the priority to the cash dividends distribution for profits distribution. If it meets the conditions required for cash dividends distribution, then the company shall adopt the cash dividends for the profits distribution.

(3) If the net profits attributable to shareholders of the parent company realized by the company in the year are positive and the cumulative distributable profits in the end of the year are positive, the company shall distribute dividends.

(4) The profits annually distributed by the company in cash dividends shall be not less than 10% of distributable profits realized in the year, and the accumulative profits distributed in cash dividends in the most recent three years shall be not less than 30% of the mean distributable profits realized in the most recent three years. When the company carries out the profit distribution, the proportion of the cash dividends shall be not less than 20% in the profits distribution.

(5) The company can carry out the interim profit distribution.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Yes/No)	Yes
Well-defined and clearly dividend standards and proportion (Yes/No)	Yes
Completed relevant decision-making process and mechanism (Yes/No)	Yes
Independent directors perform duties completely and play a proper role (Yes/No) Y	Yes
Minority shareholders have ample opportunities and their legitimate rights and interests are effectively protected (Yes/No)	Yes
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Yes/No)	Yes

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in nearly three years (including the report period)

The company's dividend distribution plan of the year 2017 was: Based on that the total share capital of the company is 5,250,283,986 shares, for A-share, the company will distribute cash dividends of RMB 0.80 (tax

inclusive per 10 shares; for B-share, the company will distribute cash dividends of RMB 0.80 (tax inclusive) per 10 shares.

The company's dividend distribution plan of the year 2016 was: Based on that the total share capital of the company is 5,250,283,986 shares, for A-share, the company will distribute cash dividends of RMB 0.80 (tax inclusive) per 10 shares; for B-share, the company will distribute cash dividends of RMB 0.80 (tax inclusive) per 10 shares.

The company's dividend distribution plan of the year 2015 was: Based on that the total share capital of the company is 5,250,283,986 shares, for A-share, the company will distribute cash dividends of RMB 2.3 (tax inclusive) per 10 shares; for B-share, the company will distribute cash dividends of RMB 2.3 (tax inclusive) per 10 shares.

Cash dividend in latest three years

In RMB

Year	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Amount of cash dividends from cash offer to repurchase shares of the funds	Proportion of cash dividends from cash offer to repurchase shares of the funds
2017	420,022,718.88	743,180,431	56.52%	0	0 %
2016	420,022,718.88	936,534,941	44.85%	0	0 %
2015	1,207,565,316.78	3,237,733,312	37.30%	0	0 %

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

☐ Applicable ☒ Not applicable

II.Profit distribution plan and capitalizing of common reserves plan for the Period

☒ Applicable ☐ Not applicable

Distributing bonus shares for every 10 shares (share)	0
Distributing cash dividend for every 10 shares (tax included) (RMB)	0.80
Per 10 share increase (share)	0
Equity base for distribution preplan (share)	5,250,283,986
Total amount distribution in cash (RMB) (tax included)	420,022,718.88
Profit available for distribution (RMB)	2,766,410,575
Cash distributing accounted for the proportion of the total amount of profit distribution (%)	100%
Particular about cash dividend in the period	
If the company's development is at the growth stage with arrangements of significant capital expenditures, the minimum proportion of cash dividend in the profit distribution should reach 20%.	
Details of proposal of profit distribution preplan or share conversion from capital public reserve	
In 2017 the base number for the company's net profits distribution is RMB696,546,910, plus the non-distributed profits of RMB 2,069,863,665 in the prior year, thus the upper limit of the distributable profits is RMB 2,766,410,575. According to the Articles of Association of the company, draw RMB69,654,69 for the statutory surplus reserve taking for 10% of net profits, draw RMB174,136,728 for the other surplus reserve taking 25% of the total net profits, then the upper limit of the distributable profits to the shareholders is RMB2,522,619,157. The company's 2017 annual profits distribution plan is: Based on that the number of the company's total share capital at the end of 2017 is 5,250,283,986 shares, planned that the company will distribute cash dividends of RMB0.80 (tax inclusive) to A-share shareholders and the company will distribute cash dividends of RMB 0.80 (tax inclusive) to B-share shareholders, thus the total distribution of profits is RMB 420,022,718.88, the remaining undistributed profits will be carried forward for the future years of profit distribution.	

III. Commitments to fulfill the situation

1. The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

√ Applicable □ Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform						
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement	Guangdong Yudean Group Co., Ltd.		Yue Dian Li is the only quoted platform of Yudean Group's electricity asset integration within the boundary. ② Except Yue Dian Li and the electricity assets controlled by it, within 5 years after the last recombination is done, Yudean Group will pump the assets which meet the conditions of launching after reformation into Yue Dian Li gradually through purchasing and recombination and other ways, according to the situation of solutions to different problems, e.g. the imperfect examination and approval procedures, the situation of profitability, cooperation agreement and land utilization. ③ At the aspects of the development of power project and assets purchasing, Yudean Group provides the priority for Yue Dian Li choose. If Yue Dian Li gives up development and purchasing, Guangkong Group will join Yue Dian Li under the situation that the project is completed and put into production, and that the purchase is done and the project meets the conditions of listing. For details, see June 5, 2014, published in the designated media "Announcement of Guangdong Electric Power Development Co., Ltd. matters related to commitments".	November 3, 2011	Within 5 years after the completion of major asset reorganization	On January 3, 2018, the Company disclosed the "Announcement on the Controlling Shareholder's Commitment to Perform Related Matters" (Announcement No.: 2018-01); on January 13, 2018, the Company disclosed the "Announcement of the Related Party Transaction of Signing the Equity Right Entrustment Agreement with Guangdong Yudean Group" (Announcement No. 2018-04). In order to avoid the horizontal competition and to fulfill the commitment of horizontal competition, Yudean Group has signed the "Entrustment Management Agreement" with the Company, which entrusted all the shareholder's rights excluding the ownership, earnings right and right of disposition of the companies within the entrustment scope by Yudean Group to the Company. Thus, such commitment has been fulfilled on time.
Commitments in initial public offering or						

re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders						
Completed on time(Y/N)	Yes					

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

☐Applicable ☒ Not applicable

IV.Particulars about the non-operating occupation of funds by the controlling shareholder

☐ Applicable ☒ Not applicable

No non-operating occupation from controlling shareholders and its related party in the period.

V.Explanation of the Supervisory Committee and Independent Directors (If applicable)on the Qualified Auditor's Report Issued by the CPAs.

☐ Applicable ☒ Not applicable

VI.Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.

☒Applicable ☐ Not applicable

1. Overview of Changes in Accounting Estimates

On June 1, 2017, the company disclosed "Announcement on Adjusting the Depreciation Period and Residual Value Ratio of Certain Fixed Assets" (Announcement No. 2017-20). According to the "No. 4 Accounting Standard for Business Enterprises-Fixed Assets" and the Company's relevant regulations, the Company sorted out the estimated use-life and the estimated net residual value of various types of fixed assets based on the current performance and use status. From June 01, 2017, the depreciation period of certain fixed assets was adjusted, and the residual value ratio of fixed assets of Zhanjiang Wind Power and Shibeishan Wind Power was adjusted from 10% to 5%, thus making it more reasonable and making the company's financial situation more objective.

2. Explanation of reasons for changes in accounting estimates

The company continued to increase its investment in fixed assets and promoted the construction of a large number of advanced units with large capacity, high-efficient parameters, low energy consumption and low emissions, resulted in an increase in the average life span of the company's overall units compared to the past. Meantime, the company has been continued to carry out the technological transformation and technological innovation of the unit equipment, and carried out comprehensive overhaul and annual maintenance on a regular basis, which improved the use performance and equipment level of the units and also extended the operational life of the fixed assets in some extent. In fact, the actual use-life of some fixed assets has exceeded the depreciation period. On the other hand, some fixed assets of the company were also affected by changes in the economic environment and technological progress, which led to a significant decrease in their economic life.

In addition, the subsidiary Guangdong Yudean Zhanjiang Wind Power Co., Ltd and the indirect subsidiary

Guangdong Yudean Shibeishan Wind Energy Development Co., Ltd-which is foreign capital enterprise-use a residual value ratio of fixed assets of 10% (the company's other domestic-funded enterprises use the residual value ratio of 5% for fixed assets). To facilitate management and planning, the residual value ratio of fixed assets is uniformly adjusted to 5%.

3. The impact on the company

According to the “No. 28 Accounting Standard for Business Enterprises-Accounting Policies, Changes in Accounting Estimates, and Error Corrections”, the adjustment of the depreciation period and residual value ratio of fixed assets belongs to a change in accounting estimates, which should be handled in accordance with the perspective approach without retrospection. The adjustment will not affect the company's financial status and operating results in previous years.

The impact of the adjustment of the depreciation period and residual value ratio of fixed assets on the company's financials is:

- (1) The depreciation of fixed assets: It's expected to decrease by approximately RMB 670 million annually, and it's expected to decrease by approximately RMB 377 million in 2017;
- (2) The net profit attributable to the parent company: It's expected to increase by approximately RMB 382 million annually and it's expected to increase by approximately RMB 212 million in 2017;
- (3) The ownership interests attributable to the parent company: It's expected to increase by approximately RMB 382 million annually and it's expected to increase by approximately RMB 212 million in 2017.

VII.Explain retrospective restatement due to correction of significant accounting errors in the reporting period

☐Applicable ☒ Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII.Explain change of the consolidation scope as compared with the financial reporting of last year.

☒Applicable ☐ Not applicable

New Subsidiary Establishment of the Year

Name	Business place	Registered address	Nature	Registered capital	Proportion (%)	Acquired
Tongdao Yuexin Wind Power Generation Co., Ltd.	Huaihua, Hunan	Huaihua, Hunan	Electric Power	10,000,000	100%	Invested
Hunan Xupu Yuefeng New Energy Co., Ltd.(Indirect subsidiary)	Huaihua,Hunan	Xupu, Huaihua Hunan	Electric Power	20,000,000	100%	Invested
Guangxi Wuxuan Yuefeng New Energy Co., Ltd.(Indirect subsidiary)	Guangxi	Wuxuan, Guangxi	Electric Power	20,000,000	100%	Invested
Huizhou Pingdian Energy Co., Ltd.(Indirect Subsidiary)	Huizhou	Huizhou	Electric Power	20,000,000	45%	Invested

IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	PWC Certified Public Accountants (special general partnership)
Remuneration for domestic accounting firm (RMB'0000)	312
Continuous life of auditing service for domestic accounting firm	2
Name of domestic CPA	Wang Bin, Chen Junjun
The Continuous Years of Audit Service of Certified Public Accountants of China Certified Public Accountants	2

Has the CPAs been changed in the current period

☐ Yes ☒ No

Description of the CPAs, financial adviser or sponsor engaged for internal control auditing

☒ Applicable ☐ Not applicable

In the report year, the Company engaged PWC Certified Public Accountants (special general partnership) as the certified public accountants and internal control audit body in 2017. The audit remuneration was RMB 3.12 million.

X. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report

☐ Applicable ☒ Not applicable

XI. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization for the Company in reporting period.

XII. Significant lawsuits and arbitrations of the Company

☐ Applicable ☒ Not applicable

XIII. Situation of Punishment and Rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in reporting period.

XIV. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers

☐ Applicable ☒ Not applicable

XV. Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures

☐ Applicable ☒ Not applicable

During the reporting period, the company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

XVI. Material related transactions

1. Related transactions in connection with daily operation

☐ Applicable ☒ Not applicable

2. Related-party transactions arising from asset acquisition or sold

☐Applicable ☒ Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period.

3. Related-party transitions with joint investments

☐Applicable ☒ Not applicable

No main related transactions of joint investment outside for the Company in reporting period.

4. Credits and liabilities with related parties

☐Applicable ☒ Not applicable

Nil

5. Other significant related-party transactions

☒ Applicable ☐ Not applicable

(1) 2017 daily related transactions were carried out after examination and approval by 2017 first provisional shareholders' general meeting and 2017 second provisional shareholders' general meeting. Refer to (5) Related transactions of XII. Relationship between related parties and the transactions between them of the Financial Report of this report for details.

(2) The Proposal on the Financial Services such as Making the Application of the Total Loan Limit of RMB 17 Billion and Handling the Deposit Settlement to the Related Party- Guangdong Yudean Finance Co., Ltd by the Company and Some of its Subsidiaries was approved in the company's 2016 annual general shareholder meeting for implementation.

(3) Guangdong Shaoguan Yuejiang Power Generation Co., Ltd., as the holding subsidiary of the company, intends to purchase partial fixed assets of Guangdong Shaoguan No.9 Power Unit Joint Venture Co., Ltd. through conclusion of an agreement in the proposed price of 24.8628 million yuan (the final purchase price shall be subject to the asset evaluation price approved in the file of the State Capital Management Department), which was approved by the 1st session for communication of the 8th Board of Directors of the company in 2017 through deliberation.

(4) The Company and the related party Guangdong Yudean Financing Leasing Co., Ltd signed the "Financial Leasing Cooperative Framework Agreement", and the amount of financing leases provided by the financial leasing company to the Company and its holding subsidiaries within the period of agreement shall be not more than RMB 2 billion, which has been approved by the first extraordinary shareholders' meeting in 2017.

Website for temporary disclosure of the connected transaction

Announcement	Date of disclosure	Website for disclosure
Daily related transaction announcement	April 26,2017	http://www.cninfo.com.cn .
Announcement on the Company's Related Transaction of Guangdong Yudean Finance Co., Ltd.	April 26,2017	http://www.cninfo.com.cn .
Announcement on the related party Transactions of Guangdong Shaoguan Yuejiang Power Generation Co., Ltd. Purchasing Part Fixed Assets of Guangdong Shaoguan No.9 Power Unit Joint Venture Co., Ltd.	June 1,2017	http://www.cninfo.com.cn .
Announcement on the related Transactions Concerning Conclusion of Financing Lease Cooperation Framework Agreement with Guangdong	August 31,2017	http://www.cninfo.com.cn .

Yudean Financing Leasing Co., Ltd.		
Estimates announcement of the newly-added Daily Related Party Transactions of 2017	August 31,2017	http://www.cninfo.com.cn .
Estimates announcement of the Adjustment Daily Related Party Transactions of 2017	March 24,2018	http://www.cninfo.com.cn .

XVII.Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

☐Applicable ☒ Not applicable

No trusteeship, contract or leasing for the Company in reporting period.

(2) Contract

☐ Applicable ☒ Not applicable

No any contract for the Company in the reporting period.

(3) Lease

☐Applicable ☒ Not applicable

No any lease for the Company in the reporting period..

2.Guarantees

☒Applicable ☐ Not applicable

(1) Guarantees

In RMB'0000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)								
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 24,2007	4,350	December 19,2007	2,320	Guaranteeing of joint liabilities.	15 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	December 19,2007	4,350	November 30,2007	696	Guaranteeing of joint liabilities.	15 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	November 12,2008	7,250	November 14,2008	464	Guaranteeing of joint liabilities.	12 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 27,2009	9,367	June 22,2009	5,887	Guaranteeing of joint liabilities.	18 years	No	No
Yunnan Baoshan Binlangjiang	May 27,2009	7,250	May 27,2009	2,900	Guaranteeing	15	No	No

Hydroelectricity Development Co., Ltd.					ng of joint liabilities.	years		
Total amount of approved external guarantee in the report period(A1)				0	Total actually amount of external guarantee in the report period(A2)			-2,784
Total amount of approved external guarantee at the end of the report period(A3)				190,835	Total actually amount of external guarantee at the end of the report period(A4)			12,267
Guarantee of the company for its subsidiaries								
Name of the company guaranteed	Related announcement date and no.	Amount of guarantee	Date of happening(date of signing agreement)	Actually guarantee amount	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party(yes or no)
Zhanjiang Wind Power Generation Co., Ltd.	April 29,2009	18,571.7	October 9,2010	7,758.82	Guaranteeing of joint liabilities.	18 years	No	No
Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.	November 16,2013	9,000	January 28,2014	4,590	Guaranteeing of joint liabilities.	7 years	No	No
Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.	November 16,2013	8,100	January 29,2014	3,690	Guaranteeing of joint liabilities.	7 years	No	No
Total of guarantee for subsidiaries approved in the period(B1)				0	Total of actual guarantee for subsidiaries in the period (B2)			-10,520.32
Total of guarantee for subsidiaries approved at period-end(B3)				141,536	Total of actual guarantee for subsidiaries at period-end(B4)			16,038.82
Guarantee of the subsidiaries for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
The Company's total guarantee(i.e. total of the first three main items)								
Total guarantee quota approved in the reporting period (A1+B1+C1)				0	Total amount of guarantee actually incurred in the reporting period (A2+B2+C2)			-13,304.32
Total guarantee quota already approved at the end of the reporting period (A3+B3+C3)				332,371	Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)			28,305.82
The proportion of the total amount of actually guarantee in the assets of the Company (that is A4+B4+C4) %								1.19%
Including:								
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)								20,547
Total guarantee Amount of the abovementioned guarantees (D+E+F)								20,547

Description of the guarantee with complex method

(2) Illegal external guarantee

☐ Applicable ☒ Not applicable

No Illegal external guarantee in the report period.

3. Situation of Entrusting Others for Managing Spot Asset**(1) Situation of Entrusted Finance**

☐ Applicable ☒ Not applicable

No any Entrusted Finance for the Company in the reporting period.

(2) Situation of Entrusted Loans

☐ Applicable ☒ Not applicable

No any Entrusted loans for the Company in the reporting period.

4. Other significant contract

☐ Applicable ☒ Not applicable

No other significant contracts for the Company in reporting period.

XVIII. Social responsibilities**1. Information of performance of social responsibilities**

For details, please see the Social Responsibility Report disclosed by the company on the same day.
<http://www.cninfo.com.cn>

2. Overview of the annual targeted poverty alleviation**(1) Precise poverty plan**

The Company will in depth implement the spirits of the Central work Conference on Poverty Alleviation and the Development and General Secretary Xi Jinping's series of important speeches on poverty alleviation and the development, and in accordance with the Guangdong Provincial people's Government's "Opinions on the implementation of Three years Strongly Tackling Difficulties on Precision Poverty Alleviation and Precision Poverty Reduction in the New Time" and the overall plan and arrangement of Guangdong Province's 2016-2018 of new time of "Precision Poverty Alleviation and Precision Poverty Reduction", by adhering the concept of innovation, coordination, green, open and shared development, the Company will strengthen the awareness of the overall situation and the sense of responsibility of "The Rich fist leads latter, and realize the common prosperity", fully utilize the advantages, carry out the measures of precision poverty alleviation to the village-under-aid, effectively enhance the local "vitality-making" function, focus on boosting the village's collective economic strength, developing the environment and society and people's livelihood, thus to increase the income of poverty-alleviation objects, so as to ensure the accomplishment of various project goals and tasks.

- ① Soundly do the work of the poverty alleviation by industry development. Formulate the characteristic industry development for the village-under-aid, implement the “one village, one product” industry promotion action, tap into the resources advantages, precisely select the dominant industry and the dominant products, support the construction of characteristic agricultural bases with high participation of poverty households, support the large agricultural households and professional cooperatives , small and micro enterprises and so forth agricultural operation bodies to speed up the development. Explore the “Internet + Precision Poverty Alleviation” model, strengthen the training of rural E-commerce merchants in poor villages, and encourage farmers to open online stores for self-development.
- ② Explore the poverty alleviation by shares. Promote the income-increase mode of poor village collective economy, allow the financial special poverty alleviation funds and other agricultural-related funds to invest in facilities such as agriculture, farming, industrial parks, hydropower, rural tourism and so forth without changing their use purposes, and the resulting asset income can be converted to shares quantization to poor villages and poor households. Cooperate with the local to explore and promote the rights confirmation of land management with accordingly converting to shares, guide poverty-stricken households, especially those who are incapable of working, to voluntarily transfer the land management rights according to law, and use assets such as land, agricultural facilities, and poverty alleviation funds to price to convert into shares, gaining the operating income according to shares.
- ③ Cooperation in training and employment. Oriented towards enhancing the ability of the poor to get employment, assist to carry out the all kinds of policy training, promote the relevant vocational and technical colleges to recruit children from poor families, thus to enable them to achieve skills to get out of poverty.
- ④ Improve the infrastructure. Cooperate with the local to improve the traffic conditions and development environment in the village-under-aid; support and help key villages-under-aid of the safe drinking water projects; improve farmland water conservancy facilities; improve sewage facilities; improve the garbage collection and treatment and the cleaning system; improve village cultural and leisure activities, public toilets, landscaping and greening and other facilities; ensure that the relevant indicators meet the provincial standards.
- ⑤ Boost the education culture. In coordination with the local education and cultural departments, the Company will vigorously promote the poverty alleviation through education so that all children in the villages-under-aid can receive a good education, increase the education subsidies for poor families, ensure that children from poor households do not drop out of school due to poverty, pay attention to left-behind children, and build left-behind children's service centers.
- ⑥ Help to improve the environment. Cooperate with the local to raise funds by multi-channels to help impoverished households complete the renovation of dilapidated buildings and fully complete the task of assisting low-income people in housing reconstruction, assisting in the improvement of domestic garbage disposal, sewage treatment, public toilets and greening and beautification of villages. We will use the entire village as a platform to accelerate the improvement of production and living conditions of poor villages, and steadily promote the construction of beautiful livable villages to realize the new appearance of the old villages.
- ⑦ Consolidate the grassroots foundation. Cooperate with the local people to adhere to the Party building and poverty alleviation both at the same time, with the party building to help the poor and with the poverty alleviation to promote the party building. Organize and hold regular meetings of the "two committees" meetings of the villages to study the work of aiding the poor; the assigned cadres should assist the "two committees of the village" to do a good job in organizing the masses, serving the masses, uniting the masses, and enhancing the ability of the cadres of the "two committees" of the poor villages to lead the people out of poverty and run to health; It's necessary to constantly strengthen the development consciousness, market awareness, teaching ideas, teaching

methods and teaching experience of cadres at the grass-root level, mobilizing the grass-root level cadres, strengthen the grass-root organizations, muster up the drive to fight against poverty, and build up “The never-leaving Task Force on Poverty Alleviation”, thus to lay the foundation for the sustainable and healthy development of poor villages.

⑧Lead multiple parties to participate in. Guide industries, enterprises, social organizations and individuals to participate in poverty alleviation, and encourage companies to actively undertake social responsibilities, fully stimulate the market's vitality, and help villages to invest in industries, develop training skills, absorb employment, and help the poor with donated money through various forms such as resource development and joint construction of villages and enterprises.

⑨Strengthen the publicity for poverty alleviation. Adhere to the guidance of public opinion, comprehensively publicize and accurately interpret the decision-making and deployment of “Precision poverty alleviation and Precision poverty reduction”, strengthen the ideological education and guidance, and strengthen the cadres and the masses' centripetal force and cohesion in poverty alleviation work and the development work. Guide the villagers to change the obsolete customs and habits, stimulate the impoverished people to work hard and develop good enthusiasm, and create a positive atmosphere for self-reliance, hard-working and getting rid of poverty and becoming better off.

(2) Precise poverty alleviation

During the reporting period, the company conscientiously implemented the Guangdong Province's “Precision Poverty Alleviation and Precision Poverty Reduction in Three Years of Strongly Tackling Difficulties” program and actively organized manpower, material, and financial resources for poverty alleviation. The 6 subordinate companies namely the Yuejiang Company, Honghai Wan Company, Zhenneng Company, Zhanjiang Company, Dapu Company, Zhanjiang Wind Power Company actively carried out the precision poverty alleviation work and achieved phased results.

I Counterpart assistance of Yuejiang Company on Mi Xiashui village, Quan'an Town, Nan Xiong City

1. Comprehensively promote industrial support. In July, the Mixiashui Village Zhongzhi Farmers Planting and Breeding Specialized Cooperative was established to develop and grow the leading industries of high-quality rice cultivation in the village and the development of eco-characteristic aquaculture such as Meihua pigs. By supporting production materials, donating harvesters and other forms, the planting cost will be reduced, and villagers will be encouraged to join cooperatives for planting and breeding, and the planting area will be expanded. Now 2 poor households with foundation and experience have been assisted to breed 68 Meihua pigs as trail, and slaughter has been beginning in November, which results in good economic returns.

2. Organize skills training. Encourage and guide the labor force of 4 poor households to work in the Pearl River Delta, Nanxiong urban area and other places to increase their income.

3. Implement educational and cultural assistance. Assist in the implementation of the current policy of subsidizing students with financial difficulties in families at various stages of education, and continue to implement related policies such as living expenses subsidy for 23 children studying at school from poor households, so as to ensure that children from poor households do not drop out of school due to poverty.

4. Continue to implement dilapidated housing transformation. Assist in completing the dilapidated housing transformation of 11 poor households in 2017, which has fully started in the first half year and has completed within the same year. Among these, 4 households have received subsidy funds.

5. Implement social security poverty alleviation. Continue to implement social security work to ensure that it can

realize guarantee as far as possible. The old man over the age of 60 from poor households can enjoy the benefits of urban and rural pension insurance completely, and all of the poor population can participate in urban and rural medical insurance, while implementing basic health care systems that cover the poor population and steadily promoting equalization of basic public health services.

6. Perfect the infrastructure of Mishui Village and improve the living environment. The engineering project of the Health Station and the Home-based Pension Public Service Center in Mixiashui Village are started to construct after the opening of the bid on October 19; the target for road hardening of 10 km was obtained, with the investment amount of approximately RMB 3 million, and the project approval has been completed; the high-standard farmland construction of 1622 mu are obtained, involving investment of more than RMB2.43 million, which has now been tendered and showed online; 8 water points are tried to carry out water safety renovations, which has now completed field survey work and design work and will be included in construction planning and arrangements for construction funds.

7. The establishment of new socialist countryside has been steadily carried out. A council of villagers' autonomy with villagers' groups (natural villages) as a unit has been established to exercise the autonomy function of outdoor public affairs in the village; now Shangmen, Longjiangkeng, Chengsi, Liaowu, Yaowu, Liuwu, Shigang, Shijiaowan, Zhangshuxia these 9 villages have been declared as neat villages, and they carried out the "Three Cleaning and Three Demolition" work as planned.

The 24 persons from 8 households of Mixiashui Village in 2017 meet the "eight requirements" to achieve out of poverty.

II. Counterpart assistance of Red Bay Company on Outian Village, Luoxi Town, Luhe County

1. In order to do well supporting plan of poor village and poor household, achieve targeted poverty alleviation, and the work team will conduct interviews with poor households to understand the causes of poor households' poverty, the extent of poverty and the willingness to get rid of poverty. The work team visited the planting and breeding industries in the surrounding villages, drawing on advanced experience, planning the development direction of individual planting and breeding and employment of the poor households, and the work team and the village committee personnel research to formulate one-household-one-policy poverty alleviation plan, to form a poor household profile. The train on poor households transferring employment skills and applied skills in agriculture is conducted, totaling more than 100 persons. In order to allow people with workforce to get close to employment and continue to get rich through labor, the work team worked hard to promote the construction of rural tourism projects in the natural village of Kengzaili, actively cooperated with the departments of tourism, land, water supply, power supply and telecommunications, etc. of county and town, kept in touch and communicated, and got their strong support to lay the foundation for the development of rural tourism projects in OCT East Shenzhen. The construction and operation of rural tourism will play a crucial role in developing the local economy, beautifying the environment and providing employment. According to the Implementation Measures for Targeted Poverty Alleviation Employment and Industrial Poverty Alleviation "Substitute Subsidies with Rewards" of New Period in Luhe County, the poor households were encouraged to actively plant sweet potatoes, taro, rice, peanuts, breeding bees and other projects to get rid of poverty and become rich. Encourage and guide individuals with labor force to go out to work and other methods to promote to get rid of poverty and become rich through labor, which has already achieved initial success in this year, and the enthusiasm of poor people has significantly increased. In accordance with the unified arrangements of the county party committee and county government, speeding up the construction of new countryside, the work team has devoted itself to the "Three Cleaning, Three Demolition and Three Rectifications" campaigns with a positive attitude of responsibility, which

has contributed to transform the beautiful environment of village.

2. Actively cooperate with the village committee and town government to complete the seventh village-level general election. Through hard work, the general election of village committee and branch committees is completed according to law and compliance on May 11 and 12, and the new village committee and branch committees will continue to promote targeted poverty relief and targeted poverty alleviation.

3. Actively develop the collective economy and the poverty alleviation method for one-household-one policy. Luhe County Outian Village Business Development Co., Ltd. is established. Taking the village committee as a group to develop the economy, with the purchase of agricultural machinery and equipment and the acquisition of agricultural products from poor households as the guide, it mobilizes poor households to get rid of poverty actively through many projects such as planting sweet potatoes and taro and breeding honey bees, while encouraging and guiding individuals with labor force to go out to work and other ways to promote poverty relief through labor.

4. Follow up the implementation of poverty alleviation policies for poor household in education, renovation of dangerous buildings, medical insurance, social security and public health reforms, so that the poor household will be beneficial.

5. Actively carry out party building and maintenance work, and actively participate in and carry out the “three sessions and one lesson” activity of the party branch committee. Actively implement anti-drug, eliminate illegal assembly and oppose heresy education; carry out medical and health construction to create a civilized village.

6. Actively participate in the construction of new rural areas and complete most of the natural villages' work of “Three Cleaning, Three Demolition and Three Rectifications”

7. Poverty relief task of 114 persons from 23 households was completed in 2017.

III. Counterpart assistance of Zhenheng Company on Xinpo Village, Shalang Town, Dianbai District, Maoming City

1. Increase income project is in place. On the basis of 2016, we adhere to the combination of "one-household-one-policy" and practice, extensively solicit the views of poor households and implement the "short-medium-length" combinative income increase projects, that is, the short-term domestic vegetable basket project, the medium-term leek industrial park project and the long-term photovoltaic power generation projects.

(1) Implementation of domestic vegetable basket project. It is mainly to launch and assist poor households in carrying out decentralized planting and breeding, and the supporting unit establishes award fund for the provision of seedlings, production materials and awards as well as assistance in the sale of agricultural products. In the past year, 16 poor households were distributed baby chicken and conducted technical training, and guaranteed recovery agreement was signed, which is estimated to increase income by about RMB 44,000 for poor household; at the same time, the poor households raised cattle, raised pigs and planted vegetables and rice according to their actual conditions to increase income by actively developing production.

(2) Construction of leek industrial park. Adopting the model of “company + cooperative + poor households”, the local agricultural planting company will cooperate with the Kaiyuan Planting Professional Cooperative in the Dianbai District, Maoming City (be composed of poor households with labor force, which is referred to as “Kaiyuan Cooperatives”), and invest specific financial funds for poor households and supporting funds of supporting units, totaling RMB 500,000 Yuan, to establish a 60-mu leek planting base. The follow-up investment is taken charge by the Company, with the cooperation period of 7 years (2017-2023), and the annual fixed dividend is RMB 132,000 Yuan and RMB 4200 Yuan in the first 5 years and later 2 years respectively. The dividend was RMB600 Yuan/person in 2017.

(3) Construction of photovoltaic poverty reduction power station. Adopting the model of “company + cooperative + poor households”, the photovoltaic company cooperates with Kaiyuan Cooperatives to buy share with the financial pooling funds of poor households, and builds 200 KW photovoltaic power station at the top of Xinpo village committee office building and Xinpo primary school teaching building and mountain behind building.. Each of the partners invested RMB 1 million Yuan, with the cooperation period of 20 years. The fixed dividend method is adopted: with RMB 160,000 per year from 2017 to 2022, it is expected that the poor households will receive an increase income of RMB 1221 Yuan/person/year; RMB 100,000 Yuan per year from 2023 to 2037. The project was started construction in late October 2017, and photovoltaic panels are currently being laid, and efforts will be made to generate electricity before the Chinese New Year in 2018, and the dividend will be distributed to households in December 2018.

2. Transfer employment is in place. 34 persons from poor households were mobilized to work outside the home to raise family income. 18 persons living in poverty were encouraged to conduct semi-agricultural and semi-industrial work that mainly consisted of plasterers and casual workers.

3. House renovation is in place. On the one hand, assist poor households in the renovation of dilapidated houses. In Xinpo Village, 21 poor households have applied for dilapidated housing renovation, so the village work team has communicated and negotiated with the relevant authorities, applied for the indicators of dilapidated houses renovation, convened the mobilization of the poor households and carried out dilapidated housing renovations in strict accordance with the requirements. In 2016 and 2017, a total of 17 households were renovated and had received full subsidy funds. On the other hand, it helps poor households to carry out house maintenance. Through in-depth investigation, the housing doors and windows of poor households such as Xu Simei and Cai Yasi have been damaged and affected their living, so Maoming Zhenneng Thermal Power Co., Ltd. funded more than RMB 23,000 Yuan to help them install aluminum alloy windows, water and electricity, improve the living environment and ensure housing security. In addition, there were 4 households that had not carried out the renovation of the dilapidated buildings, and the cadres stationed in the village had already understood the on-site situation, and the submitting list application has been included in the scope of 2018 dilapidated housing renovations.

4. Education subsidy is in place. As of the end of 2017, 39 students at school were assisted in applying for the education subsidy of 2016-2017 school year and put it in place, while 40 students at school were assisted in applying for the education subsidy of 2017-2018 school year. The first semester subsidy of RMB 1,500 Yuan has been implemented to ensure the children of school age from poor households do not drop out of school due to poverty.

5. Security policy is in place. Purchase medical insurance for all poor households and raise minimum living allowances and five guarantees, which truly realize guarantee as far as possible; assist poor families with severe illnesses to apply for medical assistance, and reduce economic burdens; carry out condolences for poverty before Spring Festival, July 1 and Mid-Autumn Festival, to bring gifts and holiday greetings for the poor household.

After one year of hard work, 77 persons from 18 poor households were assisted to achieve poverty pre-reduction through the above measures. In 2016 and 2017, a total of 102 persons from 37 poor households were achieved poverty pre-reduction.

IV. Counterpart assistance of Zhanjiang Company on Waiyuan Village, Nanxing Town, Leizhou City

In 2017, combining with the actual situation of counterpart assistance villages, the poverty alleviation workers continued to maintain the current planting status of the villagers and poor households in the traditional production items such as rice, peanuts and peppers, while the team mobilized individual poor households to contract paddy fields to increase rice cultivation and increase income. The poverty alleviation work team assisted poor

households in purchasing chemical fertilizers for production based on the availability of the national poverty alleviation fund, increasing the output of crops and increasing economic income.

Formulate long-term assistance industries, so that the poor households have a longer return. Firstly, poor households are assisted to purchase yellow cattle for breeding according to the willingness of poor households, and economic income is increased through farming. Secondly, poor households are assisted to purchase agricultural tricycles for small-scale transportation and increase their economic income based on the willingness of poor households. Thirdly, poor households are assisted to purchasing cultivator and hand-held machines for farming according to the wishes of poor households with large labor force and contracted rice cultivation, to increase their planting efficiency and increase economic income. Fourthly, all poor households are mobilized to invest in photovoltaic power generation projects. The initial decision is to build on top of poor households or on public land, which is organized and implemented by the town government. The purchase of photovoltaic power generation projects can enable poor households to enjoy more than two decades of income.

V. Counterpart assistance of Dapu Company on Xiamu Village, Fenglang Town, Dapu County, Meizhou City

1. Strengthen the team building and assist in completing the election of the village "two committees" team smoothly.
 2. Strengthen the grassroots party building: build village party members activity room and purchase a group of office furniture; carry out activities to celebrate the 96th anniversary of party founding, and condole 15 old 60-year-old party members and one specially poor party member, and organize party members to the red education base and new rural construction demonstration points to visit and learn; do a good job of party building billboards and institutions exhibition.
 3. Do a good job of cultural assistance. RMB 250,000 Yuan was invested to build a village cultural activity room in 2017.
 4. Self-financed RMB 20,000 Yuan was used to help poor households.
 5. RMB 3000 Yuan was invested for the purchase of audio-visual equipment in the Xiamu Elementary School.
- As of December 2017, 71 poor households out of 72 poor households in Xiamu Village had completed the initial assessment of poverty alleviation.

VI. Counterpart assistance of Zhanjiang Wind Power Co., Ltd. on Houhai Village, Xinliao Town, Xuwen County
In 2017, Zhanjiang Wind Power Co., Ltd. continued to carry out targeted poverty alleviation in Houhai Village, Xinliao Town, Xuwen County, Zhanjiang City. With the strong leader of the party committee at the higher level and the strong cooperation of the village "two committees" cadres as well as the efforts of the work team stationed in village, good phased results have been achieved.

(I) Implementation of industrial poverty alleviation project

1. Active development of the cattle industry. RMB 834,600 Yuan was invested to subsidize 61 poor households to buy cows and develop the cattle industry to increase household income. The project was scheduled to be put into use in February this year with RMB 180,000 Yuan and in July this year with RMB 654,600 Yuan in two batches, and it has been completed. Moreover, some cows have given birth to calves, receiving benefits. It is expected that the annual income of each household will increase by about RMB 5,000 Yuan to RMB 20,000 Yuan (the investment of supporting units' self-financing funds RMB 590,000 Yuan and the provincial and municipal special funds RMB 244,600 Yuan).

(II) Implementation of asset poverty alleviation project

1. Installation of photovoltaic power generation projects. In principle, a total of about RMB 10,000 Yuan in three

years were invested to install 1.12 kilowatts of photovoltaic power generation projects based on per person of per family with labor capacity population. It is expected that the annual income of each person of each household will increase by about RMB 1,300 Yuan, with the income period of about 25 years. The first batch of the project was invested RMB 557,984 Yuan, the second batch was invested RMB 758,160 Yuan, and construction has been basically completed. (the investment of provincial and municipal special funds RMB 1,316,000 Yuan).

2. Investment in purchasing stores. The income distribution of the project: the income from the first year to the fifth year will be distributed to poor households fully for dividend; from the sixth year to the tenth year, 70% of the income will be distributed to poor households for dividend, 20% of the income will be used by village committees to finance specially poor households and collective public welfare, and 10% of income will be used for store maintenance. Beginning in the 11th year, the income will be used by village committee to fund specially poor households and collective public welfare projects, and the property right of the stores belongs to Houhai Village Committee. The store will be purchased based on investment of RMB 2,000 Yuan per person of per family with labor capacity population, which is about RMB 630,200 Yuan in total. It was expected that the annual income increase of each family will be 6% to 7% of the funds invested. The project began to generate income from August 2017 (the investment of provincial and municipal special funds RMB 630,177 Yuan).

3. Investment in Zhanjiang City Management Enterprise Project. The investment in this project is from August 2017 to July 2018, with the one-year income of 6.5% of the invested capital. A total of 26 households with labor capacity population invested RMB 6500 Yuan per person for this project, with total investment of approximately RMB 884,000 Yuan. The project began to generate income from August 2017 (the investment of provincial and municipal special funds RMB 884,000 Yuan).

4. Development of the transport industry. A total of RMB 215,200 Yuan was invested to subsidize 6 poor households to purchase one Nanjun dump truck, one Huili Brand steering wheel tractor and four Wanhui Brand steering wheel tricycles, to develop the transportation industry and increase household income. It is expected that the annual income of each household will increase by about RMB 10,000 Yuan to RMB 60,000 Yuan (the investment of provincial and municipal special funds RMB 215,200 Yuan).

5. Procurement of agricultural tractors. The invested unit has self-raised RMB 180,000 Yuan to support Fengqiao Nongchang Village to collectively purchase a farm tractor for free use by poor households, to promote the development of agricultural production by poor households and increase household income, and the tractor has been put into use normally in the form of renting. (The invested unit has self-raised RMB 180,000 Yuan).

(III) Implementation of employment poverty alleviation

Efforts should be made to change the concept of poor households, to abandon the idea of waiting, relying on and wanting, and to encourage poor households with labor force to achieve poverty relief through working hard. Actively develop agricultural technology and labor skills training. Conduct technical training and transfer labor force technical training on cattle breeding and photovoltaic power generation project for the poor households in Houhai Village. In addition, they actively sent labor skills and technology, work entrepreneurs information and policies for benefiting the people to the poor households, as well as publicized social security policies, etc., to the poor households, to strengthen the guidance of the surplus labor force in poor families, actively facilitate the transfer of surplus labor force and promote poverty alleviation through labor income, and good benefits have received. Now for the poor households in Houhai Village, if there was surplus labor in their families, they basically went out to work and earn income through work, which greatly promoted the task of poverty alleviation. At the beginning of the year, plans for the transfer of labor employment and placement of public welfare position were established. During the actual implementation of the transfer employment, close employment, self-employment and public-welfare position for poor households with labor, the number of people in placement

is planned to reach more than 85% in the beginning of the year.

(IV) Implementation of financial poverty alleviation

Actively promote financial poverty alleviation, formulate implementation programs for poverty alleviation micro-credit work and conduct extensive publicity and investigations. Now one poor household with small loan of RMB 8,000 Yuan has been implemented to help develop family business.

(V) Implementation of poverty alleviation projects such as giving warmth

1. Organization of warm consolation activities. RMB 24,800 Yuan was invested to carry out the Mid-Autumn Festival and Spring Festival condolences, to send the warmth of the party and the government for the poor households (The invested unit has self-raised RMB 24,480 Yuan).

2. Solving the poverty problem caused by disease for poor households. RMB 8,000 Yuan was invested to subsidize poor households with severe illnesses to diagnose and treat, so as to promote the poor households caused by disease to realize poverty alleviation. In addition, the assistance unit -- Zhanjiang Second People's Hospital has been given full play to its advantage in medical resources and organized medical activities to send medicines and drugs and treat freely in Houhai Village based on the actual situation. (The invested unit has self-raised RMB 8,000 Yuan)

3. RMB 20,000 Yuan was invested to newly build Houhai Village publicity column to further strengthen party affairs publicity and targeted poverty alleviation publicity work (The invested unit has self-raised RMB 20,000 Yuan).

4. RMB 30,000 Yuan was invested to subsidize the removal of environmental household waste in Houhai Village to promote the construction of civilized demonstration village. (The invested unit has self-raised RMB 30,000 Yuan).

As of December 2017, 26 poor households in the Houhai Village had completed poverty alleviation, and 124 persons had reached the standard of poverty alleviation, accounting for 32.6% of the original poor households in Houhai Village.

(3) Targeted Poverty Alleviation Result

Index	Measurement unit	Quantity / Status
I. General situation	—	—
Thereinto: 1. Capital	(RMB'0000)	154.3
2. Cash supplies	(RMB'0000)	33.08
3. Ecological protection to poverty alleviation	Person	969
II. Breakdown Input	—	—
1. Poverty alleviation by industrial development	—	—
Among them: 1.1 Project type of poverty alleviation by industrial development	—	Poverty Alleviation by agriculture and forestry; poverty alleviation through tourism; poverty alleviation from asset income
1.2 Number of poverty alleviation projects in industrial development	a	8
1.3 Investment amount of industrial development poverty alleviation project	(RMB'0000)	39.83
1.4 The number of poverty population who had been helped to create a file	Person	485
2. Poverty alleviation by transfer employment	—	—
Among them: 2.1 Investment amount of vocational skill training	(RMB'0000)	0.14
2.2 Number of people of vocational skill training	Person	31
2.3 Quantity of employment of poverty population who had been helped create a file	Person	15

3. Poverty alleviation by relocation	——	——
4. Educational poverty alleviation	——	——
Among them: 4.1 Investment amount of subsidizing poverty students	(RMB'0000)	17.41
4.2 Number of subsidized poverty students	Person	134
4.3 Improving the investment amount for education in poor areas	(RMB'0000)	0.3
5. Health poverty alleviation	——	——
Among them: 5.1 Investment amount for medical and health resources in poor areas	(RMB'0000)	1.93
6. Ecological protection poverty alleviation	——	——
7. Guarantee of all the details	——	——
8. Social poverty alleviation	——	——
8.2 Investment amount of fixed-point poverty alleviation	(RMB'0000)	35
9. Other projects	——	——
Among them: 9.1 Number of project	a	4
9.2 Investment amount	(RMB'0000)	27.5
9.3 Number of poverty population who had been helped to create a file	Person	80
III. Awards (Content and level)	——	——
		Dabu Power Generation Company won the Meizhou Poverty Alleviation Bronze Award in 2016

(4) Subsequent targeted poverty alleviation program

The year 2018 is the critical year as the connection link for “targeted poverty alleviation and overcoming in three years”. The company and holding subsidiaries will continue implementing the province, city and county’s relevant regulations on the targeted poverty alleviation, and find out ways for targeted poverty alleviation based on the local conditions. Firstly, insist the party and style construction, promote the ideological building of the assistance object village “two committees” members and intensify the results of “two studies and one action” learning activity. Secondly, insist study and improve capacity, insist the thorough learning on the spirit of Xi Jinping series important speeches, the spirit of relevant targeted poverty alleviation papers, the village business knowledge and the way to communicate with the public and improve further the work capacity for people. Thirdly, intensify the key points and promote the implementation, each poverty alleviation work team will continue focusing on the targeted poverty alleviation, grasp the poverty alleviation central work and coordinate overall and implement relevant work. For the poor households poverty alleviation projects and village group projects listed in the filing and issuing cards, obtain positively support from relevant authority subject to the formulated target tasks, assist the assistance object villages and poor households in implementing the poverty alleviation projects and guarantee the overall completion of the poverty alleviation target tasks in the practical style.

3. Information on environmental protection

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

Yes

Company or subsidiary name	Main pollutant and specific pollutant name	Emission way	Emission port number	Emission port distribution condition	Emission concentration (mg/Nm ³)	Implemented pollutant emission standards	Total emission (t)	Verified total emission (t)	Excessive emission condition
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Shajiao A power plant	Smoke	Concentrated emission through chimney	2	Within the factory	5.05	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	123.75	Not approved	No
	SO ₂				20.59		504.44	Not approved	No
	NO _x				31.92		789.99	Not approved	No
Dapu Power Plant	Smoke	Concentrated emission through chimney	2	Within the factory	2.9	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	34.79	593	No
	SO ₂				12.9		153.86	1447	No
	NO _x				26.1		310.16	1502	No
Zhanjiang Zhongyue Energy Co., Ltd.	Smoke	Concentrated emission through chimney	2	Within the factory	9.69	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	154.05	765	No
	SO ₂				70.08		1122.4	2046	No
	NO _x				55.16		824.92	1587	No
Guangdong Shaoguan Yujiang Power Generation Co., Ltd.	Smoke	Concentrated emission through chimney	2	Within the factory	330MW unit 9.25; 600MW unit 3.72	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	139.02	717.78	No
	SO ₂				330MW unit 100.16; 600MW unit 12.24		1128.34	2303.55	No
	NO _x				330MW unit 106.61; 600MW unit 28.87		1534.93	2809.07	No
Zhanjiang Electric Power Co., Ltd.	Smoke	Concentrated emission through chimney	2	Within the factory	4.18	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	76	73	No
	SO ₂				34.93		623	675	No
	NO _x				53.40		965	878	No
Guangdong Yudean Jinghai Power General Co., Ltd.	Smoke	Concentrated emission through chimney	2	Within the factory	4.34	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	207.67	1770	No
	SO ₂				30.69		1868.47	6502	No
	NO _x				43.49		2119.43	4687	No
Guangdong	Smoke	Concentrated	2	Within the	6.71	Emission	227.42	227.42	No

Red Bay Power General Co., Ltd.	SO ₂	ted emission through chimney		factory	26.19	Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	866.32	890.10	No
	NO _x				35.41		1332.53	1332.53	No
Maoming Zhenneng thermal power Plant	Smoke	Concentrated emission through chimney	2	Within the factory	6.77	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	87.04	256.75	No
	SO ₂				38.01		341.58	1739.95	No
	NO _x				47.17		683.48	1263.29	No
Pinghai Power plant	Smoke	Concentrated emission through chimney	2	Within the factory	6.50	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	189.36	184.37	No
	SO ₂				20.88		662.02	691.30	No
	NO _x				47.52		1372.59	1388.88	No
Qianwan LNG power plant	NO _x	Concentrated emission through chimney	3	Within the factory	34.02	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	513.73	513.73	No
Huizhou LNG power plant	NO _x	Concentrated emission through chimney	3	Within the factory	31.78	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	719	719	No

Prevention and control of pollution facilities construction and operation

Within the report period, the company responds positively to requirements of the newest environmental protection policies, strengthens the operation adjustment of the desulfurization and denitrification system and equipment maintenance management, intensifies the transformation of the energy-saving technologies and dust-cleaning equipment, improves the equipment operation efficiency, decrease the smoke and dust discharging concentration and guarantee compliance of each pollutant emission with the national and local environmental protection requirements. In accordance with the national environmental protection plan, each power plant of the company implements positively requirements of Coal-fired Power Energy Saving and Emission Reduction Upgrading and Transform Action Plan (2014-2020) and National Energy Administration Comprehensive Division Notice about Decomposition and Implementation of Coal-fired Power Energy Saving and Emission Reduction Upgrading and Transform Target Tasks, etc. and promotes the ultra-low emission transformation project.

During the reporting period, the company invested a total of 2.416 billion yuan to complete the ultra-low emission reform of all its coal-fired units. the pollutant emission concentration declines sharply on the original basis of the environment-protection emission standards which reflects the company determination of performing social

responsibilities and the environment protection duties and emissions.

Conditions of environmental impact assessment and other environmental protection administrative licensing of construction projects

The company's construction projects that have been approved by government agencies have all undergone environmental impact assessments and have obtained other necessary environmental protection administrative licenses.

Emergency plan for emergency environmental incidents

Combining with the Environmental Protection Law of the People's Republic of China and the Opinions of the Ministry of Environmental Protection on Strengthening Environmental Emergency Management Work and other laws and regulations on the monitoring of environmental risks, the company's subordinate power generation enterprises have formulated the Emergency Plan for Emergency Environmental Incidents according to their actual conditions, which has standardized and improved the handling of emergent environmental events from the aspects of environmental accident risk analysis, emergency command organization and responsibilities, disposal procedures, and disposal measures, improved the ability to respond to unexpected environmental events, and ensured that after an outbreak of an environmental incident, the company can organize emergency rescue work in a timely, orderly and efficient manner to prevent pollution of the surrounding environment, minimize the damage and social harm caused by the incident, maintain social stability, and protect public health and property safety.

Environmental self-monitoring program

During the reporting period, the company's subordinate power generation companies organized annual environmental self-monitoring programs in accordance with the national Administrative Measures on Automatic Monitoring of Pollution Sources (No. 28 order of State Environmental Protection Administration) and other laws and regulations, and conducted self-monitoring of the environment in accordance with the monitoring program, and announced its own monitoring results in Guangdong Province's key pollution source regulatory information platform and the national pollution source monitoring information and sharing platform. Both the announced rate and completion rate had reached 100%.

Other environmental information that should be disclosed

None

XIX. Other material events

☐Applicable ☒ Not applicable

No such cases in the reporting period.

XX. Material events of subsidiaries

☒ Applicable ☐ Not applicable

The company's holding subsidiary, Guangdong Yudean Pinghai Power Plant Co., Ltd, received the "Administrative Punishment Decision" issued by the Guangdong Provincial Ocean & Fisheries Bureau on November 14, 2016 (No. 019-2016 Yuehai Executive Punishment), and the punishment decision "ordered Pinghai to return the illegally occupied sea areas and restore the sea areas to their original state, and sentenced 10 times

finest to the use fees of sea areas that shall be imposed within the period of that illegally occupied 16.3947 hectares, amounted to RMB 172,144,350.00” for that Pinghai Power Plant carried out the site leveling and bank protection work of Pinghai power plant without approval and did the reclamation of 16.3947 hectares and its behavior violated the provisions of Article 3 of the Law of the People's Republic of China on the Administration of the Use of Sea areas. Based on the audited net profit of RMB 3.238 billion attributable to the shareholders of the parent company in 2015, the amount involved in the above-mentioned administrative penalty affects the net profit attributable to shareholders of the parent company of about 77.4 million-which accounts for 2.39% of the net profit of the most recently audited period.

Pinghai Power Plant disagreed with the punishment measures of the “Administrative Punishment Decision” and applied for administrative reconsideration to the People's Government of Guangdong Province on January 16, 2017 in accordance with Article 6 of the “Administrative Reconsideration Law of the People's Republic of China”. On June 16, 2017, the People's Government of Guangdong Province issued a decision on the administrative reconsideration, which stated “According to the provisions of Item 1 of Paragraph 1 of Article 28 of the Administrative Reconsideration Law of the People's Republic of China, the Administrative Punishment Decision (No. 019-2016 Yuehai Executive Punishment) made by the respondent’s Provincial Department of Ocean and Fisheries is maintained.” Pinghai Power Plant disagreed with the aforementioned administrative reconsideration decision and filed an administrative litigation to the Guangzhou Maritime Court on July 18, 2017. On December 28, 2017, the Guangzhou Maritime Court issued an administrative decision, stated “In accordance with the provisions of Article 69 of the Administrative Procedure Law of the People's Republic of China, the decision is as follows: the claim of the plaintiff Guangdong Huizhou Pinghai Power Plant Co., Ltd was rejected”. Pinghai Power Plant disagreed with the verdict, and lodged an appeal to the Guangdong Provincial Higher People's Court against the verdict, which has not yet been determined. According to the net profit of RMB 937 million attributable to shareholders of the parent company in the previous year (2016), the amount involved in the above lawsuit affects the net profit attributable to shareholders of the parent company of approximately RMB 77.4 million, which accounts for approximately 8.26 % of the net profit of the most recently audited period, which does not constitute a major impact on the Company.

As of the disclosure date of this report, the above-mentioned administrative punishment and the administrative litigation matter are still in the process of multi-party communication and coordination. According to the “Asset Purchase Agreement by Share Issuance” signed between Yudean Group and the Company in 2012, Yudean Group shall compensate the Company for the actual loss caused by the above-said matter in accordance with the result of the matter.

VI. Change of share capital and shareholding of Principal Shareholders

I Changes in share capital

1. Changes in share capital

In Shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Share with conditional subscription	1,897,966,823	36.15%						1,897,966,823	36.15%
2. State-owned legal person shares	1,893,342,621	36.06%						1,893,342,621	36.06%
3. Other domestic shares	4,624,202	0.09%						4,624,202	0.09%
Of which: Domestic legal person shares	4,620,666	0.09%						4,620,666	0.09%
Domestic natural person shares	3,536	0 %						3,536	0 %
II. Shares with unconditional subscription	3,352,317,163	63.85%						3,352,317,163	63.85%
1. Common shares in RMB	2,553,909,163	48.64%						2,553,909,163	48.64%
2. Foreign shares in domestic market	798,408,000	15.21%						798,408,000	15.21%
III. Total of capital shares	5,250,283,986	100 %						5,250,283,986	100 %

Reasons for share changed:

☐ Applicable ☒ Not applicable

Approval of Change of Shares

☐ Applicable ☒ Not applicable

Ownership transfer of share changes

☐ Applicable ☒ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

☐ Applicable ☒ Not applicable

Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

☐ Applicable ☒ Not applicable

2. Change of shares with limited sales condition

☐ Applicable ☒ Not applicable

II. Issuing and listing

1. Explanation of the Situation of the Security Issue(No Preferred Shares) in the Report Period

☐ Applicable ☒ Not applicable

2.Change of asset and liability structure caused by change of total capital shares and structure

□Applicable √Not applicable

3.About the existing employees' shares

□Applicable √Not applicable

III.Shareholders and actual controlling shareholder**1. Number of shareholders and shareholding**

In Share

Total number of common shareholders at the end of the reporting period	101,388	Total shareholders at the end of the month from the date of disclosing	99,743	The total number of preferred shareholders voting rights restored at period-end(if any)(See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report(if any)(See Notes 8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Guangdong Yudean Group Co., Ltd.	State-owned legal person	67.39%	3,538,005,285		1,893,342,621			
China Securities Finance Co., Ltd.	State-owned legal person	2.78%	145,748,980					
Shenzhen Guangfa Electric Power Investment Co., Ltd.	State-owned legal person	2.22%	116,693,602					
Guangdong Electric Power Development Corporation	State-owned legal person	1.80%	94,367,341					
Harbin Daoli District Charity Foundation	Domestic Non-State owned legal person	0.80%	42,018,461	26,577,153				
Li Zhuo	Domestic Natural person	0.60%	31,703,843	10,341,258				
National Social Security Fund 103 portfolio	Domestic Non-State owned legal person	0.44%	22,994,982	22,994,982				
Harbin Hali Industry Co., Ltd.	Domestic Non-State owned legal person	0.42%	22,068,565	19,084,465				
Zheng Jianqun	Domestic Natural person	0.41%	21,681,998	21,681,998				
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	Overseas Legal person	0.29%	15,316,067	-6,269				

Explanation on associated relationship among the aforesaid shareholders	The fourth largest shareholder Guangdong Electric Power Development Corporation is the wholly-owned subsidiaries of the largest shareholder Yudean Group. These two companies have relationships; whether the other shareholders have relationships or unanimous acting was unknown		
Shareholding of top 10 shareholders of unrestricted shares			
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type	
		Share type	Quantity
Guangdong Yudean Group Co., Ltd.	1,644,662,664	RMB Common shares	
China Securities Finance Co., Ltd.	145,748,980	RMB Common shares	
Shenzhen Guangfa Electric Power Investment Co., Ltd.	116,693,602	RMB Common shares	
Guangdong Electric Power Development Corporation	94,367,341	RMB Common shares	
Harbin Daoli District Charity Foundation	42,018,461	RMB Common shares	
Li Zhuo	31,703,843	RMB Common shares	
National Social Security Fund 103 portfolio	22,994,982	RMB Common shares	
Harbin Hali Industry Co., Ltd.	22,068,565	RMB Common shares	
Zheng Jianqun	21,681,998	Foreign shares placed in domestic exchange	
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	15,316,067	Foreign shares placed in domestic exchange	
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	The fourth largest shareholder Guangdong Electric Power Development Corporation is the wholly-owned subsidiaries of the largest shareholder Yudean Group. These two companies have relationships; whether the other shareholders have relationships or unanimous acting was unknown.		
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	The Fifth largest shareholder Harbin Daoli District Charity Foundation holds112,347 A shares of the Company through stock account with credit transaction and guarantee and holds41,906,114 A shares through ordinary stock account, hold 42,018,461 shares of the Company's stock totally. The Sixth largest shareholder Li Zhuo holds196,520 A shares of the Company through stock account with credit transaction and guarantee and holds31,507,323 A shares through ordinary stock account, hold31,703,843 shares of the Company's stock totally. The Eighth largest shareholder Harbin Hali Industry Co., Ltd. holds1,125,920 A shares of the Company through stock account with credit transaction and guarantee and holds 20,942,645 A shares through ordinary stock account, hold 22,068,565 shares of the Company's stock totally.\		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

☐ Yes ☒ No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative/Leader	Date of incorporation	Organization code	Principal business activities
Guangdong Yudean Group Co., Ltd.	Li Zhuoxian	August 3, 2001	91440000730486022G	Management and sales of the electricity investment construction operation management, electricity power(Thermal Power), The industry of transportation resources environmental protection, new source of energy electricity investment; investment planning and consulting ; information consulting service; sales of production materials.
The equity of the controlling shareholder in other domestic and foreign listed companies held or partly held by it in the report period	Unknown			

Change of the actual controller in the reporting period

☐Applicable ☒Not applicable

Nil

3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

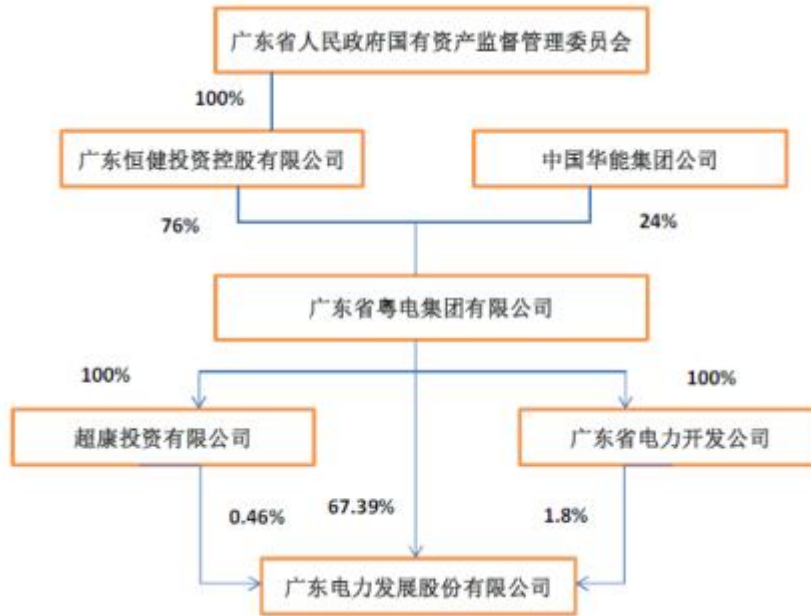
Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Principal business activities
State-owned Assets supervision and administration Commission of Guangdong Provincial People's Government	Li Cheng	June 26, 2004	114400007583361658	As the special institution directly subordinate to Guangdong Provincial People's Government, performed the obligation of provincial state-asset contributor entrusted by the provincial government.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Unknown			

Changes of the actual controller in the reporting period

☐Applicable ☒Not applicable

No Changes of the actual controller in the reporting period

Block Diagram of the ownership and control relations between the company and the actual controller



The actual controller controls the company by means of trust or managing the assets in other way

☐Applicable ☒Not applicable

4.Particulars about other legal person shareholders with over 10% share held

☐Applicable ☒Not applicable

5.Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects

☐Applicable ☒Not applicable

VII. Situation of the Preferred Shares

☐ Applicable ☒ Not applicable

The Company had no preferred shares in the reporting period.

VIII. Information about Directors, Supervisors and Senior Executives

I. Change in shares held by directors, supervisors and senior executives

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Other changes increase/decrease	Shares held at the year-end (share)
Huang Zhenhai	Board chairman	In office	Male	55	August 25, 2016	September 18, 2020					
Yao Jiheng	Vice Board chairman	In office	Male	52	September 18, 2017	September 18, 2020					
Yao Jiheng	General Manager	In office	Male	52	January 16, 2014	September 18, 2020					
Rao Subo	Director	In office	Male	53	September 18, 2017	September 18, 2020					
Wang Jin	Director	In office	Male	54	September 18, 2017	September 18, 2020					
Wen Lianhe	Director	In office	Male	49	September 18, 2017	September 18, 2020	2,830				2,830
Wen Shufei	Director	In office	Male	53	September 18, 2017	September 18, 2020					
Chen Ze	Director	In office	Male	48	September 18, 2017	September 18, 2020					
Zhou Xian	Director	In office	Male	44	September 18, 2017	September 18, 2020					
Chen Changlai	Employee director	In office	Male	54	September 18, 2017	September 18, 2020					
Zhang Xueqiu	Director	In office	Male	51	September 18, 2017	September 18, 2020					
Sha Qilin	Independent director	In office	Male	57	May 20, 2014	September 18, 2020					
Shen Hongtao	Independent director	In office	Female	50	May 20, 2016	September 18, 2020					

Wang Xi	Independent director	In office	Male	47	May 20, 2016	September 18,2020					
Ma Xiaoqian	Independent director	In office	Male	53	September 18,2017	September 18,2020					
Yin Zhongyu	Independent director	In office	Male	48	September 18,2017	September 18,2020					
Zhang Dewei	Chairman of the Supervisory Committee	In office	Male	56	August 14, 2012	September 18,2020					
Zhao Li	Supervisor	In office	Female	45	May 18, 2011	September 18,2020					
Zhu Weiping	Independent Supervisor	In office	Male	60	May 20, 2014	September 18,2020					
Jiang Jinsuo	Independent Supervisor	In office	Male	49	May 20, 2014	September 18,2020					
Lin Weifeng	Employee supervisor	In office	Male	49	May 15, 2002	September 18,2020	4,716				4,716
Li Qing	Employee supervisor	In office	Male	40	May 20, 2014	September 18,2020					
Yang Xuanxing	Deputy GM	In office	Male	52	January 16, 2014	September 18,2020					
Liu Hui	Deputy GM	In office	Female	52	July 28, 2010	September 18,2020					
Liu Wei	Deputy GM, Finance manager	In office	Male	38	September 18, 2017	September 18,2020					
Liu Wei	Board secretary	In office	Male	38	October 24, 2006	September 18,2020					
Li Yanxu	Director	Dimission	Male	51	December 30, 2016	September 18, 2017					
Hong Rongkun	Director	Dimission	Male	60	May 16, 2002	September 18, 2017					
Gao Shiqiang	Director	Dimission	Male	60	Aptil 29, 2005	September 18, 2017					
Li Mingliang	Director	Dimission	Male	53	May 18, 2011	September 18, 2017					
Xu Ping	Director	Dimission	Male	54	December 30, 2016	September 18, 2017					
Yang Xinli	Director	Dimission	Male	55	May 20,	September 18,					

					2014	2017					
Liu Tao	Independent director	Dimission	Male	46	May 18, 2011	September 18, 2017					
Zhang Hua	Independent director	Dimission	Male	52	December 8, 2011	September 18, 2017					
Mao Fugen	Independent director	Dimission	Male	54	May 20, 2014	September 18, 2017					
Li Xiaoqing	Deputy GM, Finance manager	Dimission	Female	46	September 12, 2006	September 18, 2017					
Total	--	--	--	--	--	--	7,546	0	0	0	7,546

II. Change in shares held by directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Li Yanxu	Director	Leave while office term end	September 18,2017	Expired
Hong Rongkun	Director	Leave while office term end	September 18,2017	Expired
Gao Shiqiang	Director	Leave while office term end	September 18,2017	Expired
Li Mingliang	Director	Leave while office term end	September 18,2017	Expired
Xu Ping	Director	Leave while office term end	September 18,2017	Expired
Yang Xinli	Director	Leave while office term end	September 18,2017	Expired
Liu Tao	IndependentDirector	Leave while office term end	September 18,2017	Expired
Zhang Hua	IndependentDirector	Leave while office term end	September 18,2017	Expired
Mao Fugen	Ding Yougang	Leave while office term end	September 18,2017	Expired
Li Xiaoping	Deputy GM, Finance manager	Leave while office term end	September 18,2017	Expired

III. Posts holding

Work Experience in the past five years of Directors, supervisors and senior Executives in Current office

Mr. Huang Zhenhai: male, born in November 1962, member of the Communist Party of China, Han nationality, Guangdong Dapu people, college degree, senior engineer. He had served as deputy director of inspection department of Guangdong Commodity Inspection Bureau, vice-president of China Certification & Inspection (Group) Co., Ltd, president and general manager of the Testing Technology Co., Ltd of China Certification & Inspection (Group) Co., Ltd, served as president, general manager, deputy secretary of party committee and other positions of Guangdong Holdings Limited. Currently, he is the president, general manager and deputy secretary of party committee of Guangdong Yudean Group.

Mr. Yao Jiheng, born in November 1965. Zhejiang University Bachelor of Engineering, Master of Engineering, Cheung Kong Graduate School of Business Administration Master of Business Administration. Senior engineer (professor level). He is currently a member of the Party Committee of Guangdong Yudean Group Co., Ltd. and general manager of Guangdong Electric Power Development Co., Ltd. Former director of the Yunfu Power Plant; Huangpu Power Plant assistant, deputy director; Shajiao A power plant director, party secretary; Guangdong Yudean Group Co., Ltd. Party committee member, deputy chief engineer and safety supervision and production technology Minister of Guangdong Yudean Group Co., Ltd.

Mr. Rao Subo, born in May 1964, is bachelor of Engineering of Chongqing University and graduate of the Central Party School and is a Senior Engineer (Professor Level). He is currently a member of the disciplinary committee, deputy chief engineer and minister of safety supervision and production technology department of Guangdong Yudean Group Co., Ltd., and head of preparation team of Yudean electric power and information technology center. He once served as deputy chief engineer of Shaoguan Power Plant, deputy director of the Department of Biotechnology of Guangdong Electric Power Group Corporation, director of Department of Biotechnology and

Safety Supervision of Guangdong Yudean Assets Management Co., Ltd., and director of Department of Biotechnology and Safety Supervision and deputy chief engineer of Guangdong Yudean Group Co., Ltd., and director of the Shajiao A Power Plant and party committee secretary.

Mr. Wang Jin was born in May 1963. He holds a Bachelor of Engineering from Nanjing Institute of Technology and a Master of Business Administration from Jinan University. He is now a senior engineer, and currently serves as deputy chief engineer and manager of the management department and secretary of the Party branch of Guangdong Yudean Group Co., Ltd. He once served as director of boiler maintenance workshop in Shaoguan Power Plant, director of Engineering Technology Department of Zhuhai Power Plant's Planning and Construction Department, deputy director of Zhuhai Power Plant, executive deputy general manager of Guangzhu Power Generation Co., Ltd. and general manager of Zhuhai Power Plant Co., Ltd., general manager and secretary of the Party Committee of Guangdong Zhuhai Jinwan Power Generation Co., Ltd., general manager of Guangzhu Power Generation Co., Ltd.

Mr. Wen Lianhe was born in October 1968 and graduated from Harbin Institute of Technology. He is now senior engineer (professor level) and currently deputy chief engineer and director of Strategic Development Department of Guangdong Yudean Group Co., Ltd. He once served as deputy minister of Biotechnology and Safety Supervision Department of Guangdong Yudean Group Co., Ltd., general manager and party committee secretary of Guangdong Honghai Bay Power Generation Co., Ltd.

Ms. Wen Shufei, born in August 1964, is Bachelor of Economics from Zhongnan University of Finance and Economics. She is an accountant and currently serves as deputy chief accountant and head of financial department of Guangdong Yudean Group Co., Ltd. She once served as deputy division chief and division chief of the Second Business Office of Guangdong Provincial Finance Ombudsman Office of Ministry of Finance, deputy group leader of preparatory group, deputy general manager, party branch secretary and general manager of Guangdong Yudean Finance Co., Ltd.

Mr. Chen Ze was born in January 1969. He holds a bachelor degree from Chongqing University and a doctoral degree in management from Huazhong University of Science and Technology. He is senior economist, corporate counsel (practicing qualifications), and currently serves as the general counsel, secretary of the board of directors, and director of legal affairs and capital operation department of Guangdong Yudean Group Co., Ltd. He once served as deputy director of the general department and director of capital operation and legal affairs department of Guangdong Yudean Group Co., Ltd., general manager and party branch secretary of Guangdong Yudean Shipping Co., Ltd.

Mr. Zhou Xi'an, born in March 1973, is Bachelor of Engineering from Zhejiang University, Master of Engineering from Huazhong University of Science and Technology. He is senior engineer and currently the director of the general department and party branch secretary of Guangdong Yudean Group Co., Ltd. He used to be deputy chief engineer and deputy director of Changhu Hydropower Plant, deputy general manager of Guangdong Yudean Changhu Power Generation Co., Ltd., general manager and party committee secretary of Guangdong Yudean Qingxi Power Generation Co., Ltd., general manager and party committee secretary of Guangdong Yudean Nanshui Water Power Generation Co., Ltd.

Mr. Chen Changlai was born in April 1963. He has a correspondence bachelor's degree in economics and management from Guangdong Provincial Party School, and a master's degree in business administration from South China University of Technology. He is senior political engineer and currently the director and party committee secretary of Shajiao A Power Plant. He used to serve as the director of the Beijing office of Guangdong

Yudean Group Co., Ltd., party committee secretary, discipline inspection commission secretary and labour union chairman of the Shajiao A Power Plant.

Mr. Zhang Xueqiu, born in January 1966. Bachelor of Science, Xiangtan University, Master of Management, Jinan University. Senior economist. He is currently the Deputy General Manager and Secretary of the Board of Directors of Guangzhou Development Group Co., Ltd. He was the general manager of Guangzhou Development Group Co., Ltd.

Mr. Sha Qilin, born in October 1960. Master of Wuhan Institute of Technology. Associate Professor, practicing lawyer. He is currently a lawyer of Guangdong Nanguo Desai Law Firm, member of the Professional Committee of Financial and Securities of Guangzhou Lawyers Association, and concurrently an independent director of Guangdong Electric Power Development Co., Ltd. He was an associate professor of Wuhan Institute of Technology (now Wuhan University of Technology), head of investment and development department of China Huandao Group Company, deputy chief engineer of group and chief manager of overseas listed leading group.

Ms. Shen Hongtao, was born in August 1967, PhD of management of Xiamen University, professor, doctoral supervisor. Currently, she is a professor in accounting department of Jinan University, and concurrently serves as member of Accounting Society of China, Standing member of Accounting Association of Guangdong Province, editorial board member of China Journal of Accounting Studies, editorial board member of Accounting Study, independent director of Rising Nonferrous Metals Co., Ltd, independent director of Polyrocks Chemical Co., Ltd and independent director of Guangdong Electric Power Development Co., Ltd. She had served as deputy section head of Guangdong Provincial People's Government, consultant of PwC International and vice president of International College of Jinan University.

Mr. Wang Xi, was born in April 1970, PhD of economics of Sun Yat-sen University, professor, doctoral supervisor, Specially-appointed Professor of Pearl-river Scholar. Currently, he serves as professor of Lingnan School of Yat-sen University and Director of Institute of Economic Research of Yat-sen University, concurrently serves as editorial board member of The World Economy of Chinese Academy of Social Sciences, Deputy Secretary-General and Standing member of China Institute of International Finance, Standing member of China Society of World Economics, financial consulting expert of Guangdong Provincial People's Congress Standing Committee, independent director of Palm Garden Co., Ltd, independent director of Guangzhou Securities Co., Ltd, independent director of Zhuhai Rural Commercial Bank and independent director of Guangdong Electric Power Development Co., Ltd. He had served as cadre of Agricultural Bank of China Guangdong Branch, manager of the investment department of Hainan Trust and Investment Corporation, deputy director of the Finance Department of Lingnan School of Yat-sen University, director and vice president of International Business Department of Lingnan School of Yat-sen University.

Mr. Ma Xiaoqian, born in March 1964, is Ph.D. of engineering thermophysics from South China University of Technology. He is a professor and currently serving as the director of the Key Laboratory of the Electric Power School of South China University of Technology and concurrently serving as the deputy director of teaching guiding committee of energy and power professional of high education of the Ministry of Education, the chairman of the Guangzhou Energy Institute, the outside director of Guangzhou Environmental Protection Investment Group Co., Ltd., and the independent director of Guangzhou Development Group Co., Ltd. He used to be the dean and vice president of Electric Power College of the South China University of Technology.

Mr. Yin Zhongyu was born in February 1969. He is Master of rural finance from Northwest Agricultural University. He is currently the general manager of the Great Wall Securities M&A Department. He previously

served as a director of the Guotai Junan M&A business and an executive director of Shanghai Longrui Investment Consultants Company.

Mr. Zhang Dewei, born in January 1961. Guangzhou Normal University Bachelor of Science, Jinan University Master of Business Administration. Senior economist. He is currently the Minister of Audit and Supervisory Committee of Guangdong Yudean Group Co., Ltd. He served as Director of the General Manager's Office of Guangdong Electric Power Development Co., Ltd., Secretary of Board Affairs Department and Secretary of the Board of Directors, Deputy Director of the Board of Guangdong Yudean Asset Management Co., Ltd., Deputy Director of the Board of Directors of Guangdong Yudean Group Co., Deputy Minister of Legal Affairs, Deputy Minister of Capital Operations and Legal Affairs.

Ms. Zhao Li, born in October 1972. China University of Finance Bachelor of Economics, Master of Business Administration, Jinan University. senior accountant. He is currently Vice Minister of Finance of Guangdong Yudean Group Co., Ltd. Former Guangdong Yudean Asset Management Co., Ltd. Ministry of Finance production infrastructure division manager, Guangdong Yudean Group Co., Ltd. senior director of the Ministry of Finance, production finance division manager.

Mr. Lin Weifeng, born in February 1968. Bachelor of Management, Jiangxi University of Science and Technology. auditor. The current Guangdong Electric Power Development Co., Ltd. employee supervisor, Shajiao A power plant finance minister. Former Shajiao power plant audit director, Shajiao A power plant deputy chief economist.

Mr. Li Qing, born in May 1977. Bachelor of Economics, Shanghai University of Finance and Economics. senior accountant. The current Guangdong Electric Power Development Co., Ltd. employee supervisor, director of the audit room. Former Yunfu Power Plant Finance Department Accounting, Guangdong Yuelong Power Co., Ltd. Finance Minister Assistant.

Mr. Zhu Weiping, born in May 1957. Doctor of Economics, Jinan University. He is currently a vice president of the China Industrial Economics Society, executive vice president of the Guangdong Economic Association, Zhujiang Industrial and Guangsheng Youse Independent Director, Independent Supervisor of Guangdong Electric Power Development Co., Ltd..

Mr. Jiang Jin Suo, born in March 1968. Doctor of Management, Jinan University. Professor, Certified Public Accountant. He is currently the Deputy Director of Accounting Department of Guangdong Finance Institute, Member of Guangzhou Institute of Certified Public Accountants, Independent Supervisor of Guangdong Electric Power Development Co., Ltd.

Mr. Yang Xuanxing, born in November 1965. Bachelor of Management, Zhongshan University, Master of Business Administration, Macau University of Science and Technology. Senior Auditor. He is currently the deputy general manager of Guangdong Electric Power Development Co., Ltd. He was appointed Deputy Director of Audit Office of Guangdong Electric Power Industry Bureau, Director of Audit and Supervision Department of Guangdong Yudean Asset Management Co., Ltd., Deputy Secretary of Discipline Inspection Commission of Guangdong Yudean Group Co., Ltd., Finance Minister and Deputy Chief Accountant.

Ms. Liu Hui was born in October 1965. Bachelor of Engineering, Jiangxi South Metallurgical School. Senior engineer. He is currently the deputy general manager of Guangdong Electric Power Development Co., Ltd. Former Guangdong Thermal Power Engineering Corporation Deputy Chief Economist, Minister of Budget, Guangdong Electric Power Development Co., Ltd. project management manager.

Mr. Liu Wei, born in April 1979, is Bachelor of finance from Zhongnan University of Economics and Law. He is an economist and currently serves as the Company's deputy general manager, chief financial officer, secretary of the board of directors, and concurrently as manager of the board affairs department. He used to be responsible for the financial department of Guangdong Electric Power Development Co., Ltd., and be responsible and as the host of the Board Affairs Department, and the representatives of the company's securities affairs.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he/she receive remuneration or allowance from the shareholder
Huang Zhenhai	Guangdong Yudean Group Co., Ltd.	Director, General Manager and Vice Secretary of Party committee,	September 2015		Yes
Yao Jiheng	Guangdong Yudean Group Co., Ltd.	Member of the party committee	January 2011		No
Rao Subo	Guangdong Yudean Group Co., Ltd.	Member of the commission for discipline inspection, Vice Chief engineer and Minister of Safety Supervision and production technology, Head of preparation section of Guangdong Electric Power Information technology Center	December 2013		
Wang Jin	Guangdong Yudean Group Co., Ltd.	Vice Chief engineer and Minister of Management and Secretary of the party branch	November 2010		Yes
Wen Lianhe	Guangdong Yudean Group Co., Ltd.	Vice Chief engineer and Minister of Strategic Dept	June 2009		Yes
Wen Shufei	Guangdong Yudean Group Co., Ltd.	Vice Chief accountant and Minister of finance Dept	July 2014		Yes
Chen Ze	Guangdong Yudean Group Co., Ltd.	General Counsel, Secretary of the Board of Directors, Minister of legal Affairs and Capital Operations	June 2016		Yes
Zhou Xian	Guangdong Yudean Group Co., Ltd.	Head of the integrated department and secretary of the Party branch	November 2016		Yes
Zhang Xueqiu	Guangdong Yudean Group Co., Ltd.	Deputy GM and Board secretary	May 2009		Yes
Zhang Dewei	Guangdong Yudean Group Co., Ltd.	cretary of Audit Supervise Dept	June 2012		Yes
Zhao Li	Guangdong Yudean Group Co., Ltd.	ice Secretary of Finance Dept	November 2010		Yes

Offices taken in other organizations

√Applicable □Not applicable

Name	Other unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from of other unit(Y/N)
Rao Subo	Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.	Board chairman	July 2016		No
Rao Subo	Guangdong Yuejia Electric Power Co., Ltd.	Vice Board chairman	December 2013		No

Rao Subo	Guangdong Yudean Yunhe Power Generation Co., Ltd.	Board chairman	January 2014		No
Rao Subo	Guangdong Yuelong Power Generation Co.,Ltd.	Board chairman	July 2015		No
Rao Subo	North Union Electric Power Co., Ltd.	Director	March 2014		No
Rao Subo	Shanxi Yudean Energy Co., Ltd.	Board chairman	January 2014		No
Rao Subo	Yudean Investment Co., Ltd.	Board chairman	February 2014		No
Rao Subo	Tianshengqiao First Class Hydropower Development Co., Ltd.	Board chairman	June 2017		No
Wang Jin	Guangdong Electric Power Trade Center Co., Ltd.	Director	March 2017		No
Wang Jin	Maoming Zhenneng Thermoelectric Co., Ltd.	Board chairman	December 2010		No
Wang Jin	Yudean Investment Co., Ltd.	Director	December 2010		No
Wang Jin	Guangdong Zhuhai Jinwan Power Generation Co., Ltd.	Board chairman	August 2011		No
Wang Jin	Guangdong Zhuhai Power Generation Co.,Ltd.	Board chairman	August 2011		No
Wang Jin	Zhuhai Special Economic Zone GuangzhuPower Generation Co., Ltd.	Board chairman	February 2013		No
Wang Jin	Guangdong Yuehua Power Generation Co.,Ltd.	Board chairman	July 2017		No
Wang Jin	Guangdong Power Industry Fuel Co., Ltd.	Board chairman	August 2017		No
Wen Lianhe	Guangdong Yudean Huaqing Coal Gasification Combined cycle Power Generation Co., Ltd .	Board chairman	May 2011		否
Wen Lianhe	Guangdong Red Bay Power Generation Co.,Ltd.	Board chairman	July 2009		No
Wen Lianhe	Guangdong Yudean Jinghai Power Generation Co., Ltd.	Director	August 2009		No
Wen Lianhe	Guangdong Yudean Xinhui Power Generation Co., Ltd.	Board chairman	June 2009		No
Wen Lianhe	Guangdong Yudean Bohe Coal Power Co.,Ltd.	Board chairman	July 2016		No
Wen Lianhe	Guangdong Yudean Zhongshan Thermal power plant Co., Ltd.	Board chairman	July 2009		No
Wen Lianhe	Guangdong Yudean Yudean Holding Western Investment Co., Ltd.	Director	May 2012		No
Wen Lianhe	Shenzhen Guangqian Electric Power Co.,Ltd.	Executive director	April 2017		No
Wen Lianhe	Guangdong Yudean Huadu Natural gas thermal Power Co., Ltd.	Board chairman	March 2013		No
Wen Lianhe	Yangjiang Nuclear power Co., Ltd.	Director	June 2017		No
Wen Lianhe	Taishan Nuclear Power Industry Investment Co., Ltd. (Taishan Nuclear Power Joint Venture Co., Ltd.)	Director	June 2017		No
Wen Shufei	Guangdong Yudean Finance Co., Ltd.	Board chairman	August 2017		No
Wen Shufei	Chaokang Investment Co., Ltd.	Board chairman	December 2014		No
Wen Shufei	Tianshengqiao First Class Hydropower Development Co., Ltd.	Director	August 2014		No
Wen Shufei	Zhuhai Special Economic Zone GuangzhuPower Generation Co., Ltd.	Director	July 2014		No
Wen Shufei	Guangdong Zhuhai Power Generation Co.,Ltd.	Director	July 2014		No

Wen Shufei	Guangdong Zhuhai Jinwan Power Generation Co., Ltd.	Director	July 2014		No
Wen Shufei	Guangdong Yudean Financing Lease Co., Ltd.	Board chairman	December 2016		No
Chen Ze	Guangdong Yudean Shipping Co., Ltd.	Board chairman	November 2017		No
Chen Ze	Huangdong Shipping Co., Ltd.	Board chairman	June 2017		No
Chen Ze	Guangdong Yudean Jinghai Power Generation Co., Ltd.	Board chairman	July 2016		No
Chen Ze	Guangdong Lianzhou Yuelian Power Plant Co., Ltd.	Board chairman	July 2016		No
Chen Ze	Guangdong Yuejia Electric Power Co., Ltd.	Board chairman	July 2016		No
Chen Ze	Guangdong Yudean Faneng Investment Co., Ltd.	Executive director	August 2016		No
Chen Ze	Tianshengqiao First Class Hydropower Development Co., Ltd.	Director	October 2016		No
Chen Ze	Guangdong Yangjiang Port Co., Ltd.	Board chairman	August 2016		No
Zhou Xian	Guangdong Yudean Real estate Investment Co., Ltd.	Executive director	July 2017		No
Zhang Xueqiu	Guangzhou Development Asset Management Co., Ltd.	Executive director	May 2014		No
Zhang Xueqiu	Guangzhou Development New Energy Investment Management Co., Ltd.	Executive director	January 2015		No
Zhang Xueqiu	Guangzhou Development New City Investment Co., Ltd.	Executive director	May 2014		No
Zhang Xueqiu	Guangzhou Development Nansha Investment Management Co., Ltd.	Executive director	May 2014		No
Sha Qilin	Guangdong Nanguo Desai Law firm	A lawyer, Partner	March 2007		Yes
Shen Hongtao	Accounting dept , Jinan University	Professor	April 2012		Yes
Shen Hongtao	Guangsheng Nonferrous Metal Co., Ltd.	Independent Director	April 2015		Yes
Shen Hongtao	Guangzhou Yuexiu Finance Holding Group Co., Ltd.	Independent Director	November 2017		Yes
Shen Hongtao	Guangzhou Store Co., Ltd.	Independent Director	September 2016		Yes
Wang Xi	Lingnan College, Sun Yat-sen University	Professor	July 2006		Yes
Wang Xi	Palm Graden Co., Ltd.	Independent Director	May 2014		Yes
Wang Xi	Guangzhou Securities Co., Ltd.	Independent Director	December 2012		Yes
Wang Xi	Zhuhai Rural Commercial Bank Co., Ltd.	Independent Director	July 2014		Yes
Yin Zhongyu	Greal Wall Secutities Co., Ltd.	General Manager of M & A Department	March 2009		Yes
Ma Xiaoqian	Provincial Key Laboratory, School of Electric Power, South China University of Technology	Director	July 2014		Yes
Ma Xiaoqian	Guangzhou Environmental protection Investment Group Co., Ltd.	External director	September 2016		Yes
Ma Xiaoqian	Guangzhou Development Group Co., Ltd.	Independent Director	June 2016		Yes

Zhang Dewei	Guangdong Red Bay Power Generation Co.,Ltd.	Director	April 2010		No
Zhang Dewei	Yangjiang Nuclear Power Co., Ltd.	Chairman of the Supervisory Committee	June 2016		No
Zhang Dewei	Taishan Nuclear Power Industry Investment Co., Ltd. (Taishan Nuclear Power Joint Venture Co., Ltd.)	Supervisor	June 2016		No
Zhao Li	Yudean Group Guozhou Co., Ltd.	Director	January 2016		No
Zhao Li	Guangdong Yudean Jinghai Power Generation Co., Ltd.	Chairman of the Supervisory Committee	May 2011		No
Zhao Li	Guangdon Yudean Zhanjiang Wind Power Generation Co., Ltd.	Director	June 2015		No
Zhao Li	Guangdong Yudean Environmental protection Co., Ltd.	Supervisor	March 2014		No
Zhao Li	CSPG Energy Co., Ltd.	Supervisor	December 2010		No
Zhao Li	Guangdong Power Development Co., Ltd.	Chairman of the Supervisory Committee	December 2014		No
Zhu Weiping	Institute of industrial Economics, Jinan University	Professor, President	January 2000		Yes
Zhu Weiping	Guangsheng Nonferrous Metal Co., Ltd.	Independent director	November 2016		Yes
Jiang Jinsuo	Guangdong finance institute	Professor, Head of Dept	January 2013		Yes
Li Qing	Guangdong Yudean Bohe Coal Power Co.,Ltd.	Supervisor	December 2010		No
Li Qing	Lincang Yudean Energy Co., Ltd.	Supervisor	January 2015		No
Li Qing	Guangdong Yudean Yongan Gas thermal Power Co., Ltd.	Chairman of the Supervisory Committee	June 2016		No
Li Qing	Guangdong Yudean Qujie Wind Power Generation Co., Ltd.	Supervisor	April 2015		No
Li Qing	South Offshore wind power Union Development Co., Ltd	Supervisor	June 2012		No
Yang Xuanxing	Zhanjiang Electric Power Co., Ltd.	Board chairman	May 2015		No
Yang Xuanxing	Guangdong Red Bay Power Generation Co.,Ltd.	Vice Board chairman	May 2014		No
Yang Xuanxing	Zhanjiang Zhongyue Energy Co., Ltd.	Board chairman	January 2015		No
Yang Xuanxing	Guangdong Yudean Yongan Gas Thermal Power Co., Ltd.	Board chairman	June 2016		No
Yang Xuanxing	Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd.	Board chairman	July 2016		No
Yang Xuanxing	Guangdong Yudean Dapu Power Generation Co., Ltd.	Executive director	July 2017		No
Yang Xuanxing	Guangdong Huizhou Pinghai Power Generation Co., Ltd.	Vice Board chairman	March 2017		No
Yang Xuanxing	Shanxi Yudean Energy Co., Ltd.	Vice Board chairman	August 2015		No
Yang Xuanxing	Guangdong Yuejia Power Co., Ltd.	Director	May 2015		No
Yang Xuanxing	Shenzhen Guangqian Power Co., Ltd.	Convenor of the Board of Supervisors	August 2011		No

Liu Hui	Maoming Zhenheng Thermoelectric Co., Ltd.	Director	September 2010		No
Liu Hui	Guangdong Yudean Holding Western Investment Co., Ltd.	Vice Board chairman	August 2014		No
Liu Hui	Guangdong Guohua Yudean Taishan Power Generation Co., Ltd.	Vice Board chairman	August 2017		No
Liu Hui	Guangdong Yudean Shipping Co., Ltd.	Director	June 2017		No
Liu Hui	Guangdong Yudean Bohe Coal Power Co., Ltd.	Director	September 2010		No
Liu Hui	Guangdong Yudean Humen Power Generation Co., Ltd.	Director	October 2017		No
Liu Hui	Guangdong Yudean Huadu Natural Gas Thermal Power Co., Ltd.	Director	July 2016		No
Liu Wei	Guangdong Yudean Jinghai Power Generation Co., Ltd.	Director	June 2017		No
Liu Wei	Guangdong Yudean Shipping Co., Ltd.	Convenor of the Board of Supervisors	May 2007		No
Liu Wei	Shenzhen Chuangxin Investment Group Co., Ltd.	Supervisor	August 2016		No

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

☐ Applicable ☒ Not applicable

IV. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors, supervisors and senior executives

Directors, supervisors and senior executives of the Company shall obtain labor remuneration and enjoy corresponding employee benefits according to their position and the Company's wage system. Except such remuneration and benefits, no other remuneration and fringe benefits shall be additionally provided; The allowance for the independent directors and independent supervisors of the Company shall be paid according to the standards approved by the shareholders' general meeting.

At the end of the report period, the directors, supervisors and senior executives received the actual remuneration before tax was total RMB 4.0787 million.

Remuneration to directors, supervisors and senior executives in the reporting period

In RMB'0000

Name	Positions	Sex	Age	Office status	Total remuneration received from the shareholder	Remuneration actually received at the end of the reporting period
Huang Zhenhai	Board chairman	Male	55	In Office		Yes
Yao Jiheng	Vice Board chairman, General Manager	Male	52	In office	45.75	No
Rao Subo	Director	Male	53	In office		Yes
Wang Jin	Director	Male	54	In office		Yes
Wen Lianhe	Director	Male	49	In office		Yes
Wen Shufei	Director	Female	53	In office		Yes
Chen Ze	Director	Male	48	In office		Yes
Zhou Xian	Director	Male	44	In office		Yes

Chen Changlai	Employee director	Male	54	In office	70.69	No
Zhang Xueqiu	Director	Male	51	In office		Yes
Sha Qilin	Independent director	Male	57	In office	4.78	No
Shen Hongtao	Independent director	Female	50	In office	4.78	No
Wang Xi	Independent director	Male	47	In office	2.64	No
Ma Xiaoqian	Independent director	Male	53	In office	1.07	No
Yin Zhongyu	Independent director	Male	48	In office	1.07	No
Zhang Dewei	Chairman of the Supervisory Committee	Male	56	In office		Yes
Zhao Li	Supervisor	Female	45	In office		Yes
Zhu Weiping	Independent Supervisor	Male	60	In office	3.57	No
Jiang Jinsuo	Independent Supervisor	Male	49	In office	3.57	No
Lin Weifeng	Employee supervisor	Male	49	In office	30.09	No
Li Qing	Employee supervisor	Male	40	In office	27.81	No
Yang Xuanxing	Deputy General manager	Male	52	In office	61.65	No
Liu Hui	Deputy General manager	Female	52	In office	58.5	No
Liu Wei	Deputy General manager, Finance Manager, Board secretary	Male	38	In office	39.92	No
Li Yanxu	Director	Male	51	Dimission		Yes
Hong Rongkun	Director	Male	60	Dimission		Yes
Gao Shiqiang	Director	Male	60	Dimission		Yes
Li Mingliang	Director	Male	53	Dimission		Yes
Xu Ping	Director	Male	54	Dimission		Yes
Yang Xinli	Director	Male	55	Dimission		Yes
Liu Tao	Independent director	Male	46	Dimission	3.71	No
Zhang Hua	Independent director	Male	52	Dimission	4.25	No
Mao Fugen	Independent director	Male	54	Dimission	3.17	No
Li Xiaoqing	Deputy General Manager, Finance Manager	Female	46	Dimission	40.85	No
Total	--	--	--	--	407.87	--

Incentive equity to directors, supervisors or/and senior executives in the reporting period

☐Applicable\Not applicable

V. Particulars about employees.

1. Staff jobs, education, job title number and proportion refer to the following pie chart:

Number of in-service staff of the parent company (person)	29
Number of in-service staff of the main subsidiaries (person)	6,928
Total number of the in-service staff (person)	6,957
Total number of staff receiving remuneration in the current period (person)	6,957
The number of the parent company and the main subsidiary's retired staffs who need to bear the cost (person)	2,933
Professional	
Classified according by Professions	Number of persons (person)
Production	4,468
Sales	74
Technical	1,240
Financial	177
Administrative	998
Total	6,957
Education	
Classified according by education background	Number of persons (person)
Doctor	2
Master	219
Universities	3,036
Colleges	2,010
Technical secondary school	302
High school and Below	1,388
Total	6,957

2. Remuneration policies

The company's staff received the salaries and enjoyed the benefits according to the relevant provisions stipulated in the company's Salary Management Approach. The salary of the company's staff (Except the management staff who categorized in the annual salary system) basically constituted by the basic salary, post salary, performance salary, allowance, overtime wages and special bounties and so on.

3. Training plan

The company formulated the Temporary Provisions for the Management of Staff Education and Training. The staff training was adhered to the principle of learning integrated with application, learning by the needs and stressing of practical effect, focused on the main contents of the post and the practical operation skills. The training contents included the new staff orientation training, post training, continuing education, overseas training and other trainings.

4. Outsourcing situation

☐ Applicable ☒ Not applicable

IX. Administrative structure

I. Basic state of corporate governance

The company is strictly in accordance with “Company Law”, “Securities Law”, “Governance Standards of Listed Company”, “Listing Rules of Stocks” and other laws and regulations requirements, constantly perfects the corporate governance structure, standardizes corporate operations and further enhances the level of corporate governance. The company has established the corporate “Articles of Association”, the rules of procedure of three meetings’ operation, the working rules of the board of directors special committee, the working rules of the general manager of company and working conditions and internal control system which basically covers all aspects of the operation management like financial management, investment management, information disclosure, associated trade, external guarantees and fund-raising. These systems are implemented better. During the reporting period, the company has amended part of the clauses in “Inside Information Management System” based on the original systems and the requirements of the CSRC.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

☐ Yes ☒ No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

II. Independence and Completeness in business, personnel , assets, organization and finance

The company has implemented separation of operation, separation of human resource, separation of assets, separation of organization and financial independence between controlling shareholder. And it has a complete business and operations management ability. 1. Separation of operation: the Company is principally engaged in the electricity generation and sales to Guangdong Electric Power Holding Co. (“GPHC”) directly. The Company has subcontracted the subsidiary of Yudean, the holding company, to purchase the fuels, which is solely for the purpose of better utilization of large-scale purchase and cost control. 2. Separation of human resource: the General Manager and all his subordinates, Secretary to the Board of Directors, Financial Manager are paid by the Company and take no position in the holding company. 3. Separation of assets: the Company has independent production system, supporting system and other facilities. The Company owns its intangible assets such as intellectual property rights, trademarks and non-patent technology; 4. Separation of organization: the Company has established integrated operating institution of its own. 5. Financial independence: the Company has an independent financial department and has established independent accounting system and financial management system. It opened independent bank accounts for its own operation.

III. Competition situations of the industry

☒ Applicable ☐ Not Applicable

Problem Types	Name of the Controlling	Property of the Controlling	Problems and Causes	Countermeasures	Time Schedule of Works and Follow-up Program
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	Shareholders	Shareholders			
Horizontal competition	Guangdong Yudean Group Co., Ltd.	Local SASAC	Yudean Group was established when Guangdong Provincial Government took the lead in the implementation of the "plant and network separation" power system reform in China, and was separated and formed from Guangdong Provincial Power Group Corporation. It is the largest and most powerful power generation enterprise in Guangdong Province. Yudean Power is the only listed company under the Yudean Group and is engaged in power production business. At present, Yudean Group still has some remaining power generation assets that have not been included in Yudean Power temporarily. Considering the situation of these power generation assets, it is temporarily not in line with the listing conditions, and it is difficult to solve these problems in the short term. Therefore, there is a certain degree of horizontal competition.	On January 3, 2018, the company disclosed Announcement on Controlling Shareholders' Commitment to Perform Related Matters (public notice No.: 2018-01); on January 13, 2018, the company disclosed Announcement of Related Transactions on the "Equity Custody Agreement" signed with Guangdong Yudean Group Co., Ltd. (public notice No.: 2018-04). In order to avoid competition in the same industry and to fulfill the relevant horizontal competition commitments, Yudean Group has signed the Entrusted Management Agreement with the company, and all the shareholders' rights other than the ownership, income, and disposal rights of the company that temporarily fails to meet the listing conditions in the company's custody area of the Yudean Group are entrusted to our company.	Our company will actively fulfill the trusteeship and responsibilities according to the "Equity Custody Agreement" and participate in the management and decision-making and inspection and supervision of the custody target. The company will cooperate with Yudean Group to push forward the defect rectification of the underlying assets, study the rectification and solution to the defects and obstacles in the relevant assets that do not meet the listing conditions, promote relevant rectification work from the aspects of improving project approval or approval procedures, clarifying land and property ownership, enhancing asset profitability, and implementing legal compliance. For custody assets that meet the listing conditions in the future, Yudean Group will, in accordance with the unified deployment of the Guangdong Provincial Party Committee and the provincial government and the overall requirements for the reform of state-owned enterprises, actively create conditions for the injection into listed companies in accordance with the status of the assets under custody, combined with enterprise restructuring, structural adjustment arrangements, electricity market and capital market conditions.

IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
2016 Shareholders' general meeting	Annual General Meeting	72.90%	May 17, 2017	May 18, 2017	Name of Announcement :Announcement of Resolution of 2016 shareholders' general meeting , Announcement No.:2017-17. Published in China Securities Daily, Securities Times and http://www.cninfo.com.cn

The first provisional shareholders' General meeting in 2017	Provisional shareholders' General Meeting	73.01%	September 18, 2017	September 19, 2017	Name of Announcement :Announcement of Resolution of the first Provisional shareholders' general meeting in 2017, Announcement No.:2017-34, Published in China Securities Daily, Securities Times and http://www.cninfo.com.cn
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2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

☐ Applicable ☒ Not applicable

V. Responsibility performance of independent directors in report period

1. The attending of independent directors to board meetings and shareholders' general meeting

The attending of independent directors							
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)	Times for attending the AGM
Sha Qilin	7	3	4	0	0	No	2
Shen Hongtao	7	3	4	0	0	No	2
Wang Xi	7	1	4	2	0	No	1
Ma Xiaoqian	3	1	2	0	0	No	1
Yin Zhongyu	3	1	2	0	0	No	1
Liu Tao	4	2	2	0	0	No	1
Zhang Hua	4	2	2	0	0	No	1
Mao Fugen	4	2	2	0	0	No	0

Notes to failure to personally attend Board Meetings Successively Twice

2.Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

☐ Yes ☒ No

Independent directors proposed no objection against the relevant matters in the reporting period.

3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

☒ Yes ☐ No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

Nil

VI. Duty Performance of Special Committees under the Board of Directors in the Reporting Period

The board of directors of the company comprises committee of strategy, audit, budget, nomination and remuneration and appraisal. Each professional committee has established their corresponding working rules and put forward related professional opinions and suggestions according to their respective duties to the company

operating development, which promoted the standardized operation of the company. In 2017, the duty fulfillment conditions of each special committee of the company's board of directors are as follows:

1. According to the relevant provisions of the China securities regulatory commission and Shenzhen stock exchange as well as the working discipline of annual report of the board of directors audit committee. On March 31, 2017, the Audit Committee of the eighth session board of directors held the Ninth meeting, in which the company's 2016 annual financial report and The Company's Internal Control Evaluation Report etc were deliberated, thus formed review opinions;

1. On August 8, 2017, the Audit Committee of the 8th Board of Directors convened the 10th meeting to review the company's semi-annual financial report in 2017 and form an audit opinion.

2. The Board of Directors' Remuneration and Appraisal Committee reviewed the remuneration of the directors, supervisors and senior management personnel disclosed in this report, and considered that the determination of the remuneration standard and the granting of annual remuneration can be combined with the performance of the respective positions, which is consistent with the company's remuneration management regulations; the remuneration of directors, supervisors and senior management personnel disclosed in the annual report is true.

3. The budget committee of the Eight board held its 3rd meeting on April 21, 2017, reviewed and adopted the "Proposal on Illustration of Budget Implementation in 2016 and Budget Preparation in 2017".

4. The Nomination Committee of the Board of Directors viewed the Proposal on Recommending Non-Independent Directors of the Ninth Board of Directors, Proposal on Recommendation of the Independent Director of the Ninth Board of Directors and Proposal on Recommendation of selection of the Ninth Management Team and Other Senior Management Personnel on August 30, 2017 in a communication conference, the qualifications of directors, independent directors and senior management personnel of the 9th session of the Board of Directors were carefully reviewed.

VII. Work of the supervisory Committee

Did the supervisory Committee find any risk existing in performing the supervision activities in the reporting period

☐ Yes ☒ No

The supervisory Committee has no objection against any matters under supervision in the reporting period

VIII. Assessment and incentive Mechanism for Senior executives

Performance evaluation and incentive system will be employed by senior managers on the basis of enterprise salary management system.

IX. Internal control situations

1. Specific situations on major defects of internal control discovered during report period

☐ Yes ☒ No

2. Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	April 28,2018	
Disclosure index of appraisal report on internal control	Juchao Website:(http://www.cninfo.com.cn), Selfevaluation report of internal control in 2017	
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company	96 %	
Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company	99.16%	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative criteria	Qualitative criteria of evaluation towards inner control deficiency of financial report made by company are as follows: I , the inner control of financial report should be considered as “significant deficiency” if the following circumstances (including but not limited to) occurred: ① the ineffective environmental control; ② irregularities appearing between company directors, supervisors and senior executives; ③ serious mistakes in the financial statements of the current period found by external audit but not the inner control in the process of operating; ④ ineffective supervision of inner control from directorate and inner audit institution. II , the inner control of financial report should be considered as “serious deficiency” if the following circumstances occurred: ① accounting policy chosen and applied is not based on the GAAP; ② anti-irregularity procedure and control measures are not established; ③ very few relative control measures are established or implemented in terms of the accounting treatment related to unconventional or special transaction; ④ one or more deficiencies exist in the control process of final financial report and the authenticity, accuracy and integrity of establishment can not be assured reasonably. III common deficiency means, apart from the above “significant deficiency” and “serious deficiency”, other deficiencies exist in the inner control process.	Qualitative criteria of evaluation towards inner control deficiency of non-financial report made by company are as follows: ① significant deficiency means one or more combinations of control deficiency which may result in seriously deviating from control goals. ② serious deficiency means one or more combinations of control deficiency whose severity and financial result are less than those of significant deficiency with possibility of deviating company from its control goals. ③ common deficiency means other control deficiencies apart from significant and serious deficiencies.
Quantitative standard	A quantitative criterion regards operating receipt and gross value of assets as its yard stick. ① inner control deficiency may lead to loss related to profit statement, which is measured by operating receipt. The amount of misstatement in financial report resulted from the control deficiency or its combination is less than 0.5 percent of the operating receipt, which could be considered as the common deficiency. That would be considered as serious deficiency if the amount of misstatement in financial report resulted from the control deficiency or its combination is more than 0.5 percent but less than 1 percent of the operating receipt. And that would be regarded as significant deficiency if that is more than 1 percent of the operating receipt. ② inner control deficiency may lead to loss related to assets management, which is measured by total assets. The amount of misstatement in financial report resulted from the control deficiency or its combination is less than 0.5 percent of the total assets, which could be considered as the common deficiency. That would be considered as serious deficiency if the amount of misstatement in financial report resulted from the control deficiency or its combination is more than 0.5 percent but less than 1 percent of the total assets. And that would be regarded as significant deficiency if that is more than 1 percent of the total assets.	①the significant deficiency means that the direct property loss is between 50 million yuan .(2) the significant deficiency means hat the direct property loss is between 30 million yuan (including 30 million yuan) ; the serious deficiency means that the direct property loss is between 30 million.
Number of major defects in financial	0	

reporting (a)	
Number of major defects in non financial reporting (a)	0
Number of important defects in financial reporting (a)	0
Number of important defects in non financial reporting (a)	0

X. Internal Control audit report

☒ Applicable ☐ Not applicable

Review opinions in the internal control audit report	
Disclosure date of audit report of internal control (full-text)	Disclosure
Index of audit report of internal control (full-text)	April 28,2018
Internal audit report's opinion	Juchao Website: (http://www.cninfo.com.cn) 2017 Audit report of internal control
Type of audit report on internal control	Unqualified auditor's report
Whether there is significant defect in non-financial report	No

Has the CPAs issued a qualified auditor's report of internal control .

☐ Yes ☒ No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

☒ Yes ☐ No

X. Corporate Bond

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

Yes

I. Basic information of corporate bonds

Bond name	Bond short name	Bond code	Issue day	Due day	Bond balance '0000	Interest rate	Servicing way
2012 Corporate bonds of Guangdong Electric Power Development Co., Ltd..	12 Yudean Bond	112162.SZ	March 18, 2013	March 17, 2020	120,000	4.95%	Using simple interest rate on a yearly basis, regardless of compound interest. Due payments once a year, maturing debt at a time. In the final phase, interest is paid together with the principal redemption.
Corporate bonds listed or trading places			Shenzhen Stock Exchange				
Investor Proper Arrangement			Not applicable				
During the reporting period, interest payment situation of the company bonds			The company paid the bond interests of the current year on March 20, 2017 to all the bond holders who were registered in China Securities Depository and Clearing Co., Ltd. Shenzhen branch as of the afternoon of March 17, 2017 when the Shenzhen Stock Exchange closed.				
If the corporate bonds attached to special clauses to the issuer or the investors such as option clause and exchangeable clause, please specify the implementation status of the corresponding clauses. (When applicable)			The duration of the bonds is 7 years, with redemption option, option of raising coupon rate by the issuer and the puttable right for the investors at the end of the fifth year. During the reporting period, the relevant clauses have not met the conditions for implementation.				

II. Bond trustee and the credit rating agency information

Bond trustee:							
Name	CITIC Securities Co., Ltd.	Office	22/F, CITIC Securities Building , No.48. Liangmaqiao Road, Chaoyang District , Beijing	Contact	Song Yilan ,Kou Zhibo	Tel	010-60838888
The credit rating agencies which follow and rate the corporate bond during the reporting period							
Name	CCXR			Office address	8/F, Anji Building, No.760, Tibet South Road, Huangpu District, Shanghai.		
During the report period, the bond trustee, credit rating agency employed by the company that have changed, reasons for the change, performing procedures, relevant influence on investors,etc(If applicable).				Not applicable			

III. The usage of corporate bonds to raise money

The usage and performance of raised funds from Corporate bonds	According to the relevant contents in the Prospectus of the Issuance of Bonds announced on March 14, 2013, the company planned to use RMB 820 million of the raised funds to repay the loans, thus to adjust the debt structure; the remaining RMB 380 million of the raised funds planned for supplementing the company's liquidity, so as to improve the company's funds status.
At the end of balance (RMB'0000)	0

Special fund raising account operation	The net amount of the funds raised by the bonds had been remitted to the company's designated bank account on March 20, 2013, of which the amount of RMB 820 million of the raised funds had been used for repaying the loans, so as to adjust the debt structure; the remaining RMB 380 million of the raised funds used for supplementing the company's liquidity, so as to improve the company's funds status.
Whether the usage of the raised money corresponding to the purposes of promise, use plans, and other agreement	Yes

IV. Corporate bond rating information

On June 16, 2017, CCXR traced and analyzed the credit status of the company and the company's bonds of "12-Yudean Bonds", maintained the credit rating of AAA for the main body of the company, with a stable outlook; maintained the credit rating of AAA for the corporate bonds. (The rating results were disclosed on the website: <http://www.ccxr.com.cn/>, with the title of Tracking and Rating Report for the 2012-Corporate Bonds of Guangdong Electric Power Development Co., Ltd(2017).

V. Corporate bond credit mechanism, the debt repayment plans and other security measures

(1) The credit-raising mechanism: No guarantee of the company's bonds. After the comprehensive assessment by CCXR, the credit rating of the main body of the company is AAA with a stable outlook, and the credit rating of the corporate bonds is AAA.

(2) The repayment plan: The interest of the bonds commenced from the date of March 18, 2013, and the interest of the bonds shall be paid once each year within the duration of the bonds after the commencement date of the interest. The date of March 18 of each year in the period from 2014 to 2020 shall be the interest paying day for paying the recent full year's bond interests (If it is not a working day, the payment day will be postponed to the first working day after the day). If the issuer performs the redemption option or the investors perform the puttable right, then the date of March 18 of each year in the period from 2014 to 2018 is the interest paying day for paying the recent full year's interests of the bonds being redeemed or the bonds being sold back. The maturity date of the bonds is March 18, 2020, and the company will repay the principal and pay the last full year's interest when the bond is due. If the issuer performs the redemption option or the investors perform the puttable right, the maturity date of the bonds being redeemed or the bonds being sold back is March 18, 2018, and the corresponding principal and the last full year's interest will be repaid.

(3) Safeguard measures for the repayment: in order to fully and effectively safeguard the interests of the bondholders, the company had made a series of work plans for the full repayment of the bonds that can be implemented on time, including the designated department and personnel, arrangement of repaying the bonds, establishment of the management measures, doing good organization and coordination, strengthening the information disclosure and so on, strived to form a set of safeguard measures for ensuing the repayment of the bonds.

VI. During the reporting period the bondholder meeting

During the reporting period, the company did not hold bondholders meeting.

VII. During the reporting period the bond trustee perform his duties

The company's bond trustee- CITIC Securities Co., Ltd safeguarded the legal rights of the bond holders with in accordance with the law and performed the obligations stipulated in the Prospectus of the Issuance of Bonds and other publicly disclosed documents, hence continuously followed up and acquainted the relevant information of the company during the entrusting period, issued and provided the regular report of the bond trustee, with in accordance with the company's information being followed up and acquainted.

During the reporting period, CITIC Securities Co., Ltd issued the Report of the 2012 Corporate Bonds Trustee for Guangdong Electric Power Development Co., Ltd(year of 2016) on May 26, 2017, and the report was disclosed on the cninf website on May 30, 2016 by the company.

VIII. During the reporting period, the company's major accounting data and financial indicators for last 2 years

In RMB'0000

Items	2017	2016	At the same time rate of change
Earnings before interest, tax, depreciation and amortization	299,991.27	342,800.75	-12.49%
Current ratio	60.09%	66.95%	-6.86%
Debt ratio	58.17%	58.49%	-0.32%
Quick ratio	41.95%	46.93%	-4.98%
EBITDA/Total debts	7.47%	8.46%	-0.99%
Interest coverage ratio	1.99	2.08	-4.33%
Cash interest coverage ratio	3.9	7.03	-44.52%
EBITDA interest coverage ratio	2.05	2.14	-4.21%
Loans repayment rate	100 %	100 %	0 %
Interest payment rate	100 %	100 %	0 %

The material reasons for the changed ratio of the accounting data or financial indicators exceeds 30% over the last year

√ Applicable □ Not applicable

The reduction in the period for payment of fire coal funds and the increase in fire coal prices resulted in a decrease in the net cash flow from operating activities and a decrease in times interest earned of cash.

IX. Information about fulfillment of the stipulations or commitments specified in the Prospectus of the issuance of the bonds during the reporting period

1. On June 7, 2016, the company issued 700,000,000 yuan of phase I ultra short-term financing bonds, with a term of 270 days. During the reporting period, the payment of the principal and interest was RMB 715,013,863.

2. On August 11, 2016, the company issued 500,000,000 yuan of Phase II ultra short-term financing bonds, with a term of 270 days. During the reporting period, the payment of the principal and interest was RMB : 509,471,069.

3. On March 18, 2013, the Company publicly issued 12 Yudean bonds to the public with a nominal amount of RMB 1,200,000,000 and a term of 5+2 years. It is a kind of real-name book-entry corporate bonds. The interest paid back during the reporting period was RMB 59,400,000.

4. The controlling subsidiary of the Company, Guangdong Huizhou Pinghai Power Plant Co., Ltd., issued the first ultra-short-term financing bond of RMB 500,000,000 on July 20, 2016. The term of the bond was 270 days.

During the reporting period, the principal and interest paid back was RMB 510,615,068;

5. The controlling subsidiary of the Company, Guangdong Huizhou Pinghai Power Plant Co., Ltd., publicly issued "16 Pinghai 01" to the public on September 26, 2016. It was a real-name book-entry corporate bond ("16 Pinghai

01”) with a nominal amount of RMB 700,000,000 and a term of 5 years. The interest paid back during the reporting period was RMB 21,700,000.

X..During the reporting period the situation of performing the related agreement or commitment in the corporate bond prospectus

In ther report period, the company signed an unconditional available bank amount limit of about RMB 34.7 billion, of which the used amount limit was RMB 16.8 billion, thus the remaining available bank amount limit was about RMB 17.9 billion. In this year, the company repaid bank loans of about RMB 11.3 billion, and the balance of bank loans was RMB 30.2 billion.

XI.During the reporting period the situation of performing the related agreement or commitment in the corporate bond prospectus

The company had committed to pay the principal and interests to the bondholders according to the stipulations of the prospectus of “Yudean Bonds” issuance. In the reporting period, the company strictly performed the commitment, and on March 20, 2017, the company paid the bond interests to all the bondholders registered by China Securities Depository and Clearing Co., Ltd. Shenzhen Branch as of the afternoon time of March 17, 2017 when the trading in Shenzhen Stock Exchange was closed.

XII.Major events occurring in the period of report

Nil

XIII.Whether there is a guarantor corporate bonds

☐ Yes ☒ No

XI. Financial Report

I. Audit report

Type of audit opinion	Unqualified audit opinion
Date for signing the auditor's report	April 26,2018
Name of audit firm	PWC Certified Public Accountants (special general partnership)
Auditing file No.	PWC ZTSZD No.(2018)10033
Certified public accountant's name	Wang Bin, Chen Junjun

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Guangdong Electric Power Development Co., Ltd.

Financial Statements and Auditor's Report
For the Year Ended 31 December 2017

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Auditor's Report

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To the Board of Directors of Guangdong Electric Power Development Co., Ltd.,

Opinion*What we have audited*

We have audited the accompanying financial statements of Guangdong Electric Power Development Co., Ltd. (hereinafter "Guangdong Electric Power"), which comprise:

- the consolidated and company balance sheets as at 31 December 2017;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in owners' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Guangdong Electric Power as at 31 December 2017, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("CASs").

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Guangdong Electric Power in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- impairment of coal-fired power related available-for-sale financial assets, fixed assets and construction in progress
- changes in depreciation period and residual values of fixed assets

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed key audit matters
(1) impairment of coal-fired power related available-for-sale financial assets, fixed assets and construction in progress Refer to Note II(28)(a), IV(8), (12) and (13) to the financial statements. As Guangdong Electric Power's individual subsidiaries and investees that are engaged in coal-fired power generation are experiencing continuing operating losses, management considers that there's indication that power generation asset groups (mainly including fixed assets and construction in progress) and available-for-sale financial assets recognised for investments in above investees may be impaired. In management's judgement, the above asset groups' fair value less costs to sell cannot be reliably measured, therefore, present value of estimated future cash flows for related assets and asset groups is calculated to assess whether carrying amounts of fixed assets, available-for-sale financial assets and construction in progress with indication of impairment as at 31 December 2017 are impaired. It is expected that the calculation of present value of estimated future cash flows involves management's significant judgements, including estimates on future sales amount of electricity, on-grid electricity price, price of coal used in power generation, other operating cost, capital expenditure and discount rates used in calculation. Based on the results of the above impairment test, in 2017 the Guangdong Electric Power made provisions of RMB 25,010,686 for impairment of available-for-sale financial assets and RMB 87,911,775 for impairment of construction in progress.	1. Based on our understanding of the businesses engaged by Guangdong Electric Power and its subsidiaries ("Yudean Group") and the requirements of relevant accounting standards, we evaluated the asset groups identified by management and how assets are allocated to each asset group. 2. Based on our understanding of the businesses of Yudean Group and the industry in which Yudean Group operates, we challenged the reasonableness of the assumptions applied by management in calculating present value of estimated future cash flows are reasonable. • Future sales amount of electricity - We reviewed power generation quato allocated to related power plants and long-term electricity sales agreement. We inquired management to evaluate their opinion on the development of coal-fired power industry; • On-grid electricity price - We reviewed related plants' on-grid electricity price stipulated by Guangdong Provincial Development and Reform Commission. We compared on-grid electricity price with its historical tendencies and predictions on economy and industry, and discussed with management on whether the on-grid electricity price in the predicted period is reasonable; • Price of coal used in power generation - we compared the price of coal used in power generation with its historical tendencies, and discussed with management on whether the assumptions on price of coal used in power generation are reasonable; • Other operating cost - we reviewed whether the movements in other operating cost are in agreement with changes in driving factor of cost;

Key Audit Matters (Cont'd)

(1) impairment of coal-fired power related available-for-sale financial assets, fixed assets and construction in progress(Cont'd)

As the carrying amounts of available-for-sale financial assets, fixed assets and construction in progress with indication of impairment are significant to the consolidated financial statements of Guangdong Electric Power, and the impairment test involves management's significant estimates and judgements, impairment of available-for-sale financial assets, fixed assets and construction in progress is identified as a key audit matter.

- Capital expenditure - we reviewed the capital expenditures to check whether they are in agreement with related budget of construction in progress and approved capital cost plan.
 - Net cash flows from disposal of assets - we discussed with management regarding the basis on which the net cash flows from disposal of assets and asset groups at the end of their useful lives was estimated, and we reviewed the recent transaction information of comparable generation units that existed or are under construction at the end of their useful lives to assess whether management's prediction on net cash flows from disposal of assets is reasonable;
 - Discount rate - we introduced the assessment from valuation expert to predict whether the discount rate used in estimating the present value of future cash flows is reasonable and whether it falls within the range applied by other companies in industry, as well as considering the impact of capital cost of related asset group on discount rate.
3. Reviewed the inputs and formula that were used to estimate present value of estimated future cash flows to verify the accuracy of calculation results;
 4. Considering the remaining useful lives of fixed assets, we challenged the reasonableness of long-term growth rate that was used to estimate the present value of future cash flows for the period beyond 5-year prediction period to the end of their useful lives;

Conducted sensitivity analysis on discount rate and other key assumptions applied by management, evaluating how the changes in key assumptions will result in different results to further evaluate if there's indication that management is partial in selecting parameters of key assumptions.

Key Audit Matters (Cont'd)

(1) impairment of coal-fired power related available-for-sale financial assets, fixed assets and construction in progress(Cont'd)	We found that management's assumptions on impairment of available-for-sale financial assets, fixed assets and construction in progress are supported by appropriate evidence.
(2) changes in depreciation period and residual values of fixed assets	1. Obtained an understanding of and made an evaluation on Yudean Group's internal control regarding changes in accounting estimates, and tested related internal control;
Please refer to Note II(31) and Note IV(12) to the financial statements.	2. Inquired of management about the impact of changes in economic environment and technology improvement on depreciation period and residual values of fixed assets. Challenged the reasonableness of the reason for which depreciation period and residual values of fixed assets are changed and compared with other listed companies in the industry, and analysed whether the adjusted depreciation period and residual values of fixed assets applied by Yudean Group fall within the range applied by other listed companies;
Per approval from Board of Directors of Yudean Group, depreciation period and residual values of certain fixed assets are adjusted since 1 June 2017. The adjustment will result in a decrease of approximately RMB 377,000,000 in depreciation of fixed assets for the year ended 31 December 2017, and an increase of approximately RMB 212,000,000 in net profit attributable to equity owners of the Company for the year ended 31 December 2017.	3. Obtained and reviewed the analysis opinion on depreciation period and residual values of fixed assets provided by the Manufacturing and Technique Department of Yudean Group, and verified whether the changes agree with the analysis opinion. Discussed with personnel from the Manufacturing and Technique Department and checked some of their qualification certificates on a sampling basis to evaluate their capability to analyse the depreciation period and residual values of fixed assets;
The estimates on depreciation period and residual values of related fixed assets place great reliance on management's judgements, and could be affected by management's partiality. The amounts affected is significant to the financial statements of Yudean Group. Therefore, change in useful lives and net residual values of fixed assets is identified as a key audit matter.	4. Recalculated the impact of changes in accounting estimates on financial statements, and reviewed whether they are appropriately disclosed.
	We found that management's assumptions on depreciation period and residual values of fixed assets are supported by appropriate evidence.

Other Information

Management of Guangdong Electric Power is responsible for the other information. The other information comprises all of the information included in 2017 annual report of Guangdong Electric Power other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 Management and Audit Committee for the Financial Statements

Management of Guangdong Electric Power is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Guangdong Electric Power's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Guangdong Electric Power or to cease operations, or has no realistic alternative but to do so.

Audit committee is responsible for overseeing Guangdong Electric Power's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Guangdong Electric Power'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 these 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 Guangdong Electric Power to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Guangdong Electric Power to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

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

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Shanghai, the People's Republic of China
26 April 2018

Signing CPA

Wang Bin
(Engagement Partner)

Chen Junjun

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	31 December 2017	31 December 2016
Current assets			
Cash at bank and on hand	IV(1)	4,996,580,490	5,184,873,650
Accounts receivable	IV(2)	2,826,237,259	2,776,061,909
Advances to suppliers	IV(3)	826,786,279	1,064,822,122
Interest receivable	IV(4)	14,923,771	16,681,118
Other receivables	IV(5)	208,907,993	133,499,956
Inventories	IV(6)	1,527,634,773	1,513,153,241
Current portion of non-current assets		29,563,053	-
Other current assets	IV(7)	1,137,582,469	882,055,591
Total current assets		11,568,216,087	11,571,147,587
Non-current assets			
Available-for-sale financial assets	IV(8)	1,243,633,985	1,279,387,994
Long-term receivables	IV(9)	84,358,065	136,075,412
Long-term equity investments	IV(10)	5,801,006,412	5,432,637,750
Investment properties	IV(11)	8,296,639	8,932,237
Fixed assets	IV(12)	40,996,206,316	41,814,685,521
Construction in progress	IV(13)	8,467,687,340	6,343,293,763
Construction materials	IV(14)	35,869,033	1,496,854
Fixed assets pending for disposal	IV(15)	14,662,233	4,304,229
Intangible assets	IV(16)	1,665,784,490	1,707,490,221
Goodwill	IV(17)	27,486,780	27,486,780
Long-term prepaid expenses	IV(18)	27,007,371	34,611,712
Deferred tax assets	IV(19)	372,553,039	303,929,269
Other non-current assets	IV(20)	694,647,533	2,011,524,431
Total non-current assets		59,439,199,236	59,105,856,173
TOTAL ASSETS		71,007,415,323	70,677,003,760

CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2017	31 December 2016
Current liabilities			
Short-term borrowings	IV(22)	9,270,000,000	5,758,860,000
Notes payable	IV(23)	297,611,800	1,330,480,837
Accounts payable	IV(24)	2,219,027,261	3,167,250,446
Advance from customers	IV(25)	1,938,223	12,456,360
Employee benefits payable	IV(26)	157,738,628	144,122,128
Taxes payable	IV(27)	277,285,402	326,919,844
Interest payable	IV(28)	98,553,104	83,648,793
Dividends payable	IV(29)	9,703,930	9,703,930
Other payables	IV(30)	3,908,512,671	3,292,556,995
Current portion of non-current liabilities	IV(31)	3,012,690,360	1,433,644,523
Other current liabilities	IV(32)	-	1,723,070,000
Total current liabilities		19,253,061,379	17,282,713,856
Non-current liabilities			
Long-term borrowings	IV(33)	19,465,723,869	19,888,172,037
Debentures payable	IV(34)	698,168,211	1,900,124,468
Long-term payables	IV(35)	1,548,259,241	1,917,552,654
Payables for specific projects	IV(36)	64,605,011	26,675,385
Deferred income	IV(37)	142,520,263	125,650,072
Long-term employee benefits payable	IV(38)	91,622,907	122,832,249
Deferred tax liabilities	IV(19)	24,188,860	37,718,277
Other non-current liabilities	IV(39)	16,405,569	39,000,000
Total non-current liabilities		22,051,493,931	24,057,725,142
Total liabilities		41,304,555,310	41,340,438,998
Owners' equity			
Share capital	IV(40)	5,250,283,986	5,250,283,986
Capital surplus	IV(41)	5,004,250,685	5,003,007,478
Other comprehensive income	IV(42)	137,001,523	145,059,015
Surplus reserves	IV(43)	7,590,363,724	6,845,001,818
Undistributed profits	IV(44)	5,713,290,735	6,135,494,928
Total equity attributable to equity owners of the Company		23,695,190,653	23,378,847,225
Minority interests		6,007,669,360	5,957,717,537
Total owners' equity		29,702,860,013	29,336,564,762
TOTAL LIABILITIES AND OWNERS' EQUITY		71,007,415,323	70,677,003,760

The accompanying notes form an integral part of these financial statements.

Huang Zhenhai
Legal representative

Liu Wei
Principal in charge of accounting

Meng Fei
Head of accounting department

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	31 December 2017	31 December 2016
Current assets			
Cash at bank and on hand		429,724,538	326,073,538
Accounts receivable	XV(1)	195,462,150	212,343,198
Advances to suppliers		57,189,222	79,990,745
Interest receivable		1,698,504	723,819
Dividends receivable		17,536,791	-
Other receivables	XV(2)	27,984,304	122,933,749
Inventories		151,849,683	149,462,926
Other current assets		-	25,650,427
Total current assets		881,445,192	917,178,402
Non-current assets			
Available-for-sale financial assets		1,243,633,985	1,279,387,994
Long-term receivables		401,460,000	335,000,000
Long-term equity investments	XV(3)	23,370,412,702	22,896,735,913
Investment properties		8,296,639	8,932,237
Fixed assets		1,054,459,265	1,049,906,014
Construction in progress		49,949,168	43,039,781
Intangible assets		88,660,312	92,152,556
Deferred tax assets		43,591,562	-
Other non-current assets		356,004,000	672,504,000
Total non-current assets		26,616,467,633	26,377,658,495
TOTAL ASSETS		27,497,912,825	27,294,836,897

COMPANY BALANCE SHEET (CONT'D)

AS AT 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	31 December 2017	31 December 2016
Current liabilities		
Short-term borrowings	1,700,000,000	300,000,000
Accounts payable	221,325,935	517,973,144
Employee benefits payable	32,124,015	31,813,417
Taxes payable	38,907,195	9,688,606
Interest payable	49,765,772	48,091,022
Dividends payable	9,703,930	9,703,930
Other payables	119,738,967	93,522,121
Current portion of non-current liabilities	1,197,935,476	-
Other current liabilities	-	1,216,583,014
Total current liabilities	3,369,501,290	2,227,375,254
Non-current liabilities		
Long-term borrowings	1,500,000,000	1,500,000,000
Debentures payable	-	1,196,982,619
Payables for specific projects	8,775,514	-
Deferred income	53,869,596	59,533,388
Long-term employee benefits payable	22,265,631	23,445,887
Deferred tax liabilities	-	12,508,093
Total non-current liabilities	1,584,910,741	2,792,469,987
Total liabilities	4,954,412,031	5,019,845,241
Owners' equity		
Share capital	5,250,283,986	5,250,283,986
Capital surplus	5,605,794,602	5,605,752,163
Other comprehensive income	137,001,523	145,059,015
Surplus reserves	7,590,363,724	6,845,001,818
Undistributed profits	3,960,056,959	4,428,894,674
Total owners' equity	22,543,500,794	22,274,991,656
TOTAL LIABILITIES AND OWNERS' EQUITY	27,497,912,825	27,294,836,897

The accompanying notes form an integral part of these financial statements.

Huang Zhenhai
Legal representative

Liu Wei
Principal in charge of accounting

Meng Fei
Head of accounting department

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017
 (All amounts in RMB Yuan unless otherwise stated)

	Note	2017	2016
Revenue	IV(45)	26,643,792,057	22,681,120,022
Less: Cost of sales	IV(45)	(23,292,288,669)	(17,793,626,382)
Taxes and surcharges	IV(46)	(243,872,444)	(299,690,966)
Selling and distribution expenses		(8,223,996)	(2,807,165)
General and administrative expenses	IV(47)	(654,998,125)	(775,880,023)
Financial expenses - net	IV(48)	(1,279,255,541)	(1,369,698,178)
Asset impairment losses	IV(49)	(145,754,374)	(758,270,129)
Add: Investment income	IV(50)	489,086,549	341,364,663
Including: Share of profit of associates and joint ventures		436,407,641	290,956,937
Losses on disposal of assets	IV(51)	(4,720,404)	(3,723,321)
Other income	IV(52)	50,872,822	-
Operating profit		1,554,637,875	2,018,788,521
Add: Non-operating income	IV(53)	9,464,974	99,242,840
Less: Non-operating expenses	IV(54)	(9,892,374)	(213,124,201)
Total profit		1,554,210,475	1,904,907,160
Less: Income tax expenses	IV(55)	(416,489,316)	(618,844,889)
Net profit		1,137,721,159	1,286,062,271
Classified by continuity of operations			
Net profit from continuing operations		1,137,721,159	1,286,062,271
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Attributable to equity owners of the Company		743,180,431	936,534,941
Minority interests		394,540,728	349,527,330
Other comprehensive income, net of tax			
Attributable to equity owners of the Company		(8,057,492)	(100,649,700)
Other comprehensive income that will be subsequently reclassified to profit or loss			
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		-	(439,064)
Gains or losses arising from changes in fair value of available-for-sale financial assets		(8,057,492)	(100,210,636)
Total comprehensive income		1,129,663,667	1,185,412,571
Attributable to equity owners of the Company		735,122,939	835,885,241

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**
(All amounts in RMB Yuan unless otherwise stated)

Attributable to minority interests	394,540,728	349,527,330
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Earnings per share

Basic earnings per share (RMB Yuan)	IV(56)	0.14	0.18
Diluted earnings per share (RMB Yuan)	IV(56)	0.14	0.18

The accompanying notes form an integral part of these financial statements.

Huang Zhenhai	Liu Wei	Meng Fei
Legal representative	Principal in charge of accounting	Head of accounting department

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts in RMB Yuan unless otherwise stated)

	Note	2017	2016
Revenue	XV(4)	2,117,499,891	2,029,877,030
Less: Cost of sales	XV(4)	(2,019,135,513)	(1,648,261,528)
Taxes and surcharges		(10,188,705)	(21,983,992)
Selling and distribution expenses		(46,598)	(13,886)
General and administrative expenses		(108,376,528)	(133,031,153)
Financial expenses - net		(197,178,583)	(210,739,704)
Asset impairment losses		(673,578,111)	(85,722,207)
Add: Investment income	XV(5)	1,531,007,381	2,206,631,861
Including: Investment income from associates and joint ventures		430,233,195	286,517,653
Losses on disposal of assets		(1,847,006)	(139,571)
Other income		7,003,961	-
Operating profit		645,160,189	2,136,616,850
Add: Non-operating income		759,723	8,132,110
Less: Non-operating credits/(expenses)		(1,034,213)	(616,359)
Total profit		644,885,699	2,144,132,601
Less: Income tax expenses		51,661,211	(14,527,156)
Net profit		696,546,910	2,129,605,445
Classified by continuity of operations			
Net profit from continuing operations		696,546,910	2,129,605,445
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Attributable to equity owners of the Company		696,546,910	2,129,605,445
Minority interests		-	-
Other comprehensive income, net of tax		(8,057,492)	(100,649,700)
Other comprehensive income that will be subsequently reclassified to profit or loss			
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		-	(439,064)
Gains or losses arising from changes in fair value of available-for-sale financial assets		(8,057,492)	(100,210,636)
Total comprehensive income		688,489,418	2,028,955,745

The accompanying notes form an integral part of these financial statements.

Huang Zhenhai
Legal representative

Liu Wei
Principal in charge of accounting

Meng Fei
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts in RMB Yuan unless otherwise stated)

	Note	2017	2016
Cash flows from operating activities			
Cash received from sales of goods or rendering of services		31,015,193,180	25,046,349,439
Refund of taxes and surcharges		4,351,929	5,548,556
Cash received relating to other operating activities	IV(58)(a)	149,296,827	175,522,880
Sub-total of cash inflows		<u>31,168,841,936</u>	<u>25,227,420,875</u>
Cash paid for goods and services		(23,504,495,193)	(11,718,985,740)
Cash paid to and on behalf of employees		(1,689,157,554)	(1,784,621,548)
Payments of taxes and surcharges		(1,812,415,045)	(2,542,268,475)
Cash paid relating to other operating activities	IV(58)(b)	(486,739,641)	(476,769,294)
Sub-total of cash outflows		<u>(27,492,807,433)</u>	<u>(16,522,645,057)</u>
Net cash flow from operating activities	IV(59)(a)	<u>3,676,034,503</u>	<u>8,704,775,818</u>
Cash flows from investing activities			
Cash received from returns on investments		267,717,887	513,955,425
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,437,274	20,778,986
Sub-total of cash inflows		<u>272,155,161</u>	<u>534,734,411</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(3,408,163,705)	(3,315,903,498)
Cash paid to acquire investments		(147,000,000)	-
Sub-total of cash outflows		<u>(3,555,163,705)</u>	<u>(3,315,903,498)</u>
Net cash flows used in investing activities		<u>(3,283,008,544)</u>	<u>(2,781,169,087)</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts in RMB Yuan unless otherwise stated)

	Note	2017	2016
Cash flows from financing activities			
Cash received from capital contributions		121,691,869	74,802,100
Cash received from borrowings		14,837,423,033	9,944,710,691
Cash received from issuing debentures and short-term financing notes		-	2,397,375,000
Cash received relating to other financing activities	IV(58)(c)	42,438	90,021,217
Sub-total of cash inflows		<u>14,959,157,340</u>	<u>12,506,909,008</u>
Cash repayments of borrowings		(13,016,778,066)	(14,079,473,947)
Cash payments for distribution of dividends, profits or interest expenses		(2,019,541,954)	(3,627,200,214)
Cash paid for finance leases		(504,155,684)	(766,374,653)
Sub-total of cash outflows		<u>(15,540,475,704)</u>	<u>(18,473,048,814)</u>
Net cash flows used in financing activities		<u>(581,318,364)</u>	<u>(5,966,139,806)</u>
Effect of foreign exchange rate changes on cash and cash equivalents			
		(755)	-
Net decrease in cash and cash equivalents	IV(59)(a)	(188,293,160)	(42,533,075)
Add: Cash and cash equivalents at the beginning of the year		<u>5,184,873,650</u>	<u>5,227,406,725</u>
Cash and cash equivalents at the end of the year	IV(59)(b)	<u>4,996,580,490</u>	<u>5,184,873,650</u>

The accompanying notes form an integral part of these financial statements.

Huang Zhenhai
Legal representative

Liu Wei
Principal in charge of accounting

Meng Fei
Head of accounting department

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017
 (All amounts in RMB Yuan unless otherwise stated)

	2017	2016
Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,486,441,357	2,297,109,979
Refund of taxes and surcharges	160,605	-
Cash received relating to other operating activities	15,203,185	24,560,463
Sub-total of cash inflows	<u>2,501,805,147</u>	<u>2,321,670,442</u>
Cash paid for goods and services	(2,185,038,145)	(1,170,875,526)
Cash paid to and on behalf of employees	(318,314,615)	(350,301,726)
Payments of taxes and surcharges	(27,918,406)	(207,700,042)
Cash paid relating to other operating activities	(75,445,028)	(50,621,481)
Sub-total of cash outflows	<u>(2,606,716,194)</u>	<u>(1,779,498,775)</u>
Net cash flow from operating activities	<u>(104,911,047)</u>	<u>542,171,667</u>
Cash flows from investing activities		
Cash received from disposal of investments	100,000,000	300,000,000
Cash received from returns on investments	1,291,979,756	2,401,308,751
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	208,142	54,914
Sub-total of cash inflows	<u>1,392,187,898</u>	<u>2,701,363,665</u>
Cash paid to acquire investments	(651,600,000)	(1,192,880,000)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(96,396,893)	(88,163,938)
Sub-total of cash outflows	<u>(747,996,893)</u>	<u>(1,281,043,938)</u>
Net cash flows from investing activities	<u>644,191,005</u>	<u>1,420,319,727</u>
Cash flows from financing activities		
Cash received from borrowings	2,580,000,000	1,000,000,000
Cash received from issuing debentures and short-term financing notes	-	1,198,650,000
Cash received relating to other financing activities	42,438	21,217
Sub-total of cash inflows	<u>2,580,042,438</u>	<u>2,198,671,217</u>
Cash repayments of borrowings	(2,380,000,000)	(3,100,000,000)
Cash payments for distribution of dividends, profits or interest expenses	(635,670,642)	(1,418,039,712)
Sub-total of cash outflows	<u>(3,015,670,642)</u>	<u>(4,518,039,712)</u>
Net cash flows used in financing activities	<u>(435,628,203)</u>	<u>(2,319,368,495)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(755)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	103,651,000	(356,877,101)
Add: Cash and cash equivalents at the beginning of the year	326,073,538	682,950,639

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

**COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**
(All amounts in RMB Yuan unless otherwise stated)

Cash and cash equivalents at the end of the year	429,724,538	326,073,538
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The accompanying notes form an integral part of these financial statements.

Huang Zhenhai
Legal representative

Liu Wei
Principal in charge of accounting

Meng Fei
Head of accounting department

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017
 (All amounts in RMB Yuan unless otherwise stated)

	Note	Attributable to equity owners of the Company					Minority interests	Total owners' equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits		
Balance at 1 January 2017		5,250,283,986	5,003,007,478	145,059,015	6,845,001,818	6,135,494,928	5,957,717,537	29,336,564,762
Movements for the year ended 31 December 2017								
Total comprehensive income		-	-	(8,057,492)	-	743,180,431	394,540,728	1,129,663,667
Capital contribution and withdrawal by owners		-	-	-	-	-	138,286,300	138,286,300
Profit distribution								
Appropriation to surplus reserves	IV(43)	-	-	-	745,361,906	(745,361,906)	-	-
Profit distribution to equity owners	IV(44)	-	-	-	-	(420,022,718)	(483,389,821)	(903,412,539)
Others		-	1,243,207	-	-	-	514,616	1,757,823
Balance at 31 December 2017		5,250,283,986	5,004,250,685	137,001,523	7,590,363,724	5,713,290,735	6,007,669,360	29,702,860,013

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2017
 (All amounts in RMB Yuan unless otherwise stated)

	Note	Attributable to equity owners of the Company					Minority interests	Total owners' equity
		Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits		
Balance at 1 January 2016		<u>5,250,283,986</u>	<u>5,007,077,158</u>	<u>245,708,715</u>	<u>5,812,191,775</u>	<u>7,439,335,347</u>	<u>6,467,598,416</u>	<u>30,222,195,397</u>
Movements for the year ended 31 December 2016								
Total comprehensive income		-	-	(100,649,700)	-	936,534,941	349,527,330	1,185,412,571
Capital contribution and withdrawal by owners		-	-	-	-	-	74,802,100	74,802,100
Profit distribution								
Appropriation to surplus reserves IV(43)		-	-	-	1,032,810,043	(1,032,810,043)	-	-
Profit distribution to equity owners IV(44)		-	-	-	-	(1,207,565,317)	(934,210,309)	(2,141,775,626)
Share of interest in associates based on shareholding IV(41)		-	(4,090,897)	-	-	-	-	(4,090,897)
Others		-	21,217	-	-	-	-	21,217
Balance at 31 December 2016		<u>5,250,283,986</u>	<u>5,003,007,478</u>	<u>145,059,015</u>	<u>6,845,001,818</u>	<u>6,135,494,928</u>	<u>5,957,717,537</u>	<u>29,336,564,762</u>

The accompanying notes form an integral part of these financial statements.

Huang Zhenhai
Legal representative

Liu Wei
Principal in charge of accounting

Meng Fei
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts in RMB Yuan unless otherwise stated)

	Note	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Total owners' equity
Balance at 1 January 2017		<u>5,250,283,986</u>	<u>5,605,752,163</u>	<u>145,059,015</u>	<u>6,845,001,818</u>	<u>4,428,894,674</u>	<u>22,274,991,656</u>
Movements for the year ended 31 December 2017							
Total comprehensive income		-	-	(8,057,492)	-	696,546,910	688,489,418
Profit distribution							
Appropriation to surplus reserves	IV(43)	-	-	-	745,361,906	(745,361,906)	-
Profit distribution to equity owners	IV(44)	-	-	-	-	(420,022,718)	(420,022,718)
Others		-	42,438	-	-	-	42,438
Balance at 31 December 2017		<u>5,250,283,986</u>	<u>5,605,794,601</u>	<u>137,001,523</u>	<u>7,590,363,724</u>	<u>3,960,056,960</u>	<u>22,543,500,794</u>

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2017
 (All amounts in RMB Yuan unless otherwise stated)

	Note	Share capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Total owners' equity
Balance at 1 January 2016		<u>5,250,283,986</u>	<u>5,609,821,843</u>	<u>245,708,715</u>	<u>5,812,191,775</u>	<u>4,539,664,589</u>	<u>21,457,670,908</u>
Movements for the year ended 31 December 2016							
Total comprehensive income		-	-	(100,649,700)	-	2,129,605,445	2,028,955,745
Profit distribution							
Appropriation to surplus reserves	IV(43)	-	-	-	1,032,810,043	(1,032,810,043)	-
Profit distribution to equity owners	IV(44)	-	-	-	-	(1,207,565,317)	(1,207,565,317)
Share of interest in associates based on shareholding		-	(4,090,897)	-	-	-	(4,090,897)
Others		-	21,217	-	-	-	21,217
Balance at 31 December 2016		<u>5,250,283,986</u>	<u>5,605,752,163</u>	<u>145,059,015</u>	<u>6,845,001,818</u>	<u>4,428,894,674</u>	<u>22,274,991,656</u>

The accompanying notes form an integral part of these financial statements.

Huang Zhenhai
Legal representative

Liu Wei
Principal in charge of accounting

Meng Fei
Head of accounting department

I General information

Guangdong Electric Power Development Co., Ltd. (the “Company”) is a limited liability company jointly established by Guangdong Electric Power Holding Company, China Construction Bank Guangdong Province Trust Investment Company, Guangdong Power Development Co., Ltd., Guangdong International Trust and China Guangfa Bank (currently named as Guangdong Guangkong Group Co., Ltd.). The address of the Company’s registered office and head office is F33~F36 South Tower Building of Yudean Square on 2nd Tianhe East Road, Guangzhou, Guangdong Province, the People’s Republic of China. The Company’s parent company is Guangdong Province Yudean Group Co., Ltd. (“Yudean”) and its ultimate parent company is the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province.

The Company’s RMB ordinary shares (“A-share”) and domestic listed foreign shares (“B-share”) issued were listed for transactions in Shenzhen Stock Exchange respectively on 26 November 1993 and 28 June 1995. As at 31 December 2017, the total share capital of the Company was RMB 5,250,283,986 with par value of RMB 1 per share.

The Company and its subsidiaries (collectively referred to as “the Group”) are principally engaged in the businesses of developing and operating electric power plants in Guangdong Province, the PRC. For the information of the Company’s subsidiaries included in the consolidation scope in the current year, please refer to Note VI.

The financial statement have been authorised for issue by the Board of Directors of the Company on April, 26 2018.

II Summary of significant accounting policies and accounting estimates

The Group determines its specific accounting policies and accounting estimates on the basis of the production and operation feature, which is reflected in: the criteria for determining impairment for available-for-sale equity instruments (Note II(9)), depreciation of fixed assets (Note II(14)), impairment of long-term assets (Note II(19)), and recognition of deferred income taxes (Note II(25)), etc.

Critical judgement for determining significant accounting policies by the Group are set forth in Note II(29).

(1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CAS”) and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 - General Rules on Financial Reporting* issued by the China Securities Regulatory Commission.

As at 31 December 2017, the Group’s net current liabilities amounted to RMB 7.69 billion. Capital commitments contracted for by the Group amounted to RMB 4.97 billion, among which the capital expenditure due within one year amounted to RMB 2.29 billion. Therefore, the Group is to some extent exposed to liquidity risk.

The reason for net current liabilities is that a portion of the Group’s capital expenditure is backed by short-term borrowings and funds in hand. Management of the Company plans to take the following measures to ensure that the Group can continuously obtain sufficient working capital to liquidate debts due within 12 months starting from 31 December 2017, therefore, the financial statements are prepared on a going concern basis.

- (a) The Group continuously generates profit after its generator sets have successively been put into production in recent years. Management expects stable cash inflows from operating activities in the future; and

II Summary of significant accounting policies and accounting estimates (Cont'd)

(1) Basis of preparation(Cont'd)

(b) The Group maintains good relations of long-term cooperation with financial institutions (including the Company's associate Guangdong Yudean Finance Co., Ltd. ("Yudean Finance")) in order to obtain sufficient financing credit lines. As at 31 December 2017, the Group's available line of credit from financial institutions amounted to approximately RMB 17.93 billion, with RMB 6 billion from Yudean Finance and RMB 11.93 billion from other commercial banks, among which approximately RMB 5.6 billion is due before 31 December 2018. The management has communicated with the financial institutions and hence expected the line of credit due before 31 December 2018 to renew the term for another 12 months.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2017 are in compliance with the *Accounting Standards for Business Enterprises*, and truly and completely present the consolidated and the company's financial position of the Company as at 31 December 2017 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The recording currency is Renminbi (RMB).

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amount of the equity or debt securities.

(b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
(All amounts in RMB Yuan unless otherwise stated)

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Preparation of consolidated financial statements (Cont'd)

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries owner's equity and the portion of subsidiaries net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive incomes attributed to minority interests and presented separately in the consolidated financial statements under owner's equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the Company. Unrealised profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

(7) Cash and cash equivalents

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

(8) Foreign currency translation

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instrument

(a) Financial assets

(i) Classifications of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. During the current year, The Group's financial assets include receivables and available-for-sale financial assets.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are listed as other current assets in the balance sheet if management intends to dispose of them within 12 months from the balance sheet date.

(ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For receivables and available-for-sale financial assets, transaction costs that are attributable to acquisition of the financial assets are included in their initially recognised amounts.

Available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity is recycled into profit or loss for the current period.

(iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

Objective evidence indicating impairment of financial assets refers to the matter that actually occurs after the initial recognition of financial assets, will affect estimated future cash flows of financial assets, and of which impact can be reliably measured by the Group.

II Summary of significant accounting policies and accounting estimates (Cont'd)**(9) Financial instruments (Cont'd)****(a) Financial assets (Cont'd)****(iii) Impairment of financial assets (Cont'd)**

Objective evidence which indicates the occurrence of impairment for available-for-sale equity instruments includes significant or non-temporary decrease of fair value of investment in equity instruments. The group individually assesses available-for-sale investments in equity instruments at each balance sheet date. If its fair value as at balance sheet date is lower than original investment cost by 50% or above or remains below the original investment cost over a year (inclusive), it is impaired; If its fair value as at balance sheet date is lower than original investment cost by 20%(including 20%) or above but not exceeding 50%, the Group will consider other factors such as price fluctuations to determine whether it is impaired or not. The Group calculates the initial investment cost of available-for-sale equity instruments by using the weighted average method.

When an impairment loss on a financial asset carried at amortised cost has incurred, the amount of the impairment loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses not incurred). If there is objective evidence that the value of the financial asset is recovered and the recovery is related objectively to an event occurring after the impairment has been recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

When an impairment loss on available-for-sale financial assets measured at fair value has occurred, the cumulative loss arising from the decline in fair value that has been recognised directly in equity is removed from equity and recognised as impairment loss. For an investment in debt instrument classified as available-for-sale on which the impairment loss has been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which the impairment loss has been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

If an impairment loss on an available-for-sale financial asset measured at cost incurs, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss for the current period. The previously recognised impairment loss will not be reversed in subsequent periods.

(iv) Derecognition of financial assets

A financial asset is derecognised when any of the below criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instruments (Cont'd)

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings, debentures payable, etc.

Payables, including accounts payable and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

Other financial liabilities with maturities no more than one year (inclusive) are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopted valuation techniques applicable in the current situation and supported by adequate available data and other information, selected inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gave priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

(10) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sales of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Receivables (Cont'd)

- (a) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for impairment of that receivable is made.

The criterion for determining "amounts that are individually significant" is: the five largest accounts receivable and other receivables with individual amount more than RMB 5,000,000 and all long-term receivables.

The method of providing for bad debts for those individually significant amounts is as follows: the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

- (b) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined based on the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

The Group's receivables mainly comprise receivables from sales of electricity to Guangdong Power Grid ("GPGC"), receivables due from related parties and receivables from sales of by-products. According to the historical experience and impairment tests made on an individual basis, the Group's undue receivables were considered to be portfolios with low credit risk, and no provision for bad debts was made.

(11) Inventories

- (a) Classification

Inventories mainly comprise fuel and spare parts, and are measured at the lower of cost and net realisable value.

- (b) Costing of inventories

Cost of fuel is calculated using the weighted average method. Spare parts are amortised in full amount when issued for use.

- (c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale and related taxes.

- (d) The Group adopts the perpetual inventory system.

II Summary of significant accounting policies and accounting estimates (Cont'd)**(12) Long-term equity investments**

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is the investee over which the group has significant influence on its financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments arising from business combination: for long-term equity investments arising from business combination involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party as at the combination date; for long-term equity investments arising from business combination involving enterprises not under common control, the investment cost shall be the combination cost.

Long-term equity investments acquired other than business combination: long-term equity investments acquired by cash are initially measured at the amount of actually paid; long-term equity investments acquired by the issuance of equity shares are initially measured at the fair value of equity shares issued.

(b) Subsequent measurement and recognition of profit or loss

For long-term equity investments accounted for using the cost method, cash dividends or profit distribution declared by the investees is recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in investees are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses to be incurred. The changes of the Company's share of the investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution, are recognised in the Company's equity and the carrying amounts of the long-term equity investment are adjusted accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees.

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Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(12) Long-term equity investments (Cont'd)

(c) Basis for determining existence of control, jointly control or significant influence over investees

Control is the power to govern an investee, so as to obtain variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

Joint control is the contractually agreed sharing of control over an arrangement, and the decision of activities relating to such arrangement requires the unanimous consent of the Group and other parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note II(19)).

(13) Investment properties

Investment properties, including land use rights that have already been leased out and buildings that are held for the purpose of leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation (amortisation) rates of investment properties are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	30 years	5%	3.17%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset at the date of the transfer and the carrying amounts of fixed asset is determined based on fair value of investment property at the date of transfer.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(13) Investment properties (Cont'd)

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(14) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, power generation equipment, motor vehicles and other equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed are initially measured at cost at the time of acquisition. The fixed assets contributed by the state shareholders at the reorganisation of the Company into a corporation are recognised based on the evaluated amounts as approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

On June 1 2017, the Group adjusted the estimated useful lives, the estimated net residual values (Note II(31)) of some fixed assets. The adjusted estimated useful lives, estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	10 to 50 years	0% to 5%	1.90% to 10.00%
Power generation equipment	5 to 31 years	0% to 5%	3.06% to 20.00%
Motor vehicles	5 to 10 years	0% to 5%	9.50% to 20.00%
Other equipment	5 to 25 years	0% to 5%	3.80% to 20.00%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

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- (c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note II(19)).

II Summary of significant accounting policies and accounting estimates (Cont'd)

- (14) Fixed assets (Cont'd)

- (d) Basis for identification of fixed assets held under finance leases and related measurement

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge (Note II(26)(b)).

Fixed assets held under a finance lease is depreciated on a basis consistent with the depreciation policy adopted for fixed assets that are self-owned. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over the period of expected use; otherwise, the leased asset is depreciated over the shorter period of the lease term and the period of expected use.

- (e) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

- (15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note II(19)).

- (16) Borrowing cost

Borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For special borrowings for the acquisition and construction of qualifying assets, the capitalised amount of the special borrowings is determined by the interest expenses incurred in the period less interest income of the unused borrowings deposited at bank or investment income from temporary investment.

For general borrowings occupied for the acquisition or construction of qualifying assets, the capitalised amount of the general borrowings is determined by the weighted average of the difference between

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accumulated capital expenditure and capital expenditure of the special borrowings multiplies by the weighted average effective interest rate of the occupied general borrowings. The effective interest rate is the interest rate used when the future cash flows of the borrowings over the estimated remaining deposit period or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Intangible assets

Intangible assets include land use rights, sea use rights, software, franchise rights, associated projects for electricity transmission and transformation, microwave engineering and transportation engineering, and are measured at cost. The intangible assets contributed by the state shareholders at the reorganisation of the Company into a corporation are recognised based on the revaluated amounts as approved by the state-owned assets administration department.

(a) Land use rights and sea use rights

Land use rights are amortised on the straight-line basis over their approved use period of 20 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

Sea use rights are amortised on the straight-line basis over their approved useful lives of 50 years.

(b) Associated projects for electricity transmission and transformation, microwave engineering and transportation engineering

Associated projects for electricity transmission and transformation and microwave engineering refer to grid connection project undertaken by the Group for transmitting electricity to Guangdong Power Grid. From the start of use, they are amortised on a straight-line basis over their estimated beneficial period of 16 years.

Transportation engineering is amortised on a straight-line basis over their benefit period of 10 to 20 years.

(c) Other intangible assets

Fixed assets other than land use rights, sea use rights, associated projects for electricity transmission and transformation, microwave engineering and transportation engineering are amortised on a straight-line-basis over the expected useful lives of 2 to 25 years.

(d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(e) Impairment of intangible assets

The carrying amounts of intangible assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note II(19)).

(18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

II Summary of significant accounting policies and accounting estimates (Cont'd)**(19) Impairment of long-term assets**

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties that are measured at cost and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions, unemployment insurance and supplementary pensions, and all of them belong to the defined contribution plans.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(20) Employee benefits (Cont'd)

(b) Post-employment benefits (Cont'd)

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentages prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them.

Supplementary pensions

The Company purchases supplementary pension insurance for employees, and pays pension insurances according to the policies of Yudean.

The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(c) Termination benefits

Where the Group terminates the employment relationship with employees before the end of the employment contract or offers compensation for encouraging employees to accept voluntary redundancy, a provision for termination benefits for the compensation arising from termination of the employment relationship with employees is recognised, with a corresponding charge to profit or loss at the earlier of the following two times: when termination of the employment relationship or an offer for voluntary redundancy cannot be withdrawn by the Group unilaterally, and when costs relating to payment of restructuring of termination benefits are recognised.

Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognised in profit or loss in the period in which they occur.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(21) Dividends distribution

Cash dividends are recognised as liabilities in the period in which the dividends are approved by the shareholders' meeting.

(22) Provisions

Provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(23) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognised when it's probable that the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific criteria of revenue recognition have been met for each type of the Group's activities as described below:

(a) Revenue from sales of electricity and heat energy

Revenue is recognised when electricity and heat energy are supplied to grid companies or customers.

(b) Revenue from sales of by-products

Revenue from the sales of goods is recognised when the Group transfers by-products (such as coal ash) produced by electricity generations to the designated delivery place pursuant to the contract or agreement and the recipient resource utilisation confirms receipt.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(23) Revenue recognition (Cont'd)

(c) Rendering of services

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the rendering of services.

The Group provides external bidding agency service and maintenance service.

The Group provides external bidding agency service, upon the completion of the bidding service, revenue is recognised based on the pricing difference between the electricity consumption of bidding and auction price, and the customer's conventional price of electricity.

The Group provides external maintenance service, and revenue is recognised according to the percentage completion method, determined by percentage of the total cost incurred.

(d) Revenue from sales of certified emission reductions (CERs)

The Group sells CERs provided by its natural gas facilities and wind power facilities. These facilities are registered with the Clean Development Mechanism (CDM) Executive Board (EB) of the United Nations as CDM projects under the Kyoto Protocol. The Company also sells voluntary emission reductions ("VERs") attributable to the electricity generated from CDM projects before getting registered with CDMEB.

Revenue related to CERs and VERs is recognised when the following conditions are met:

- The counterparty has committed to buying CERs or VERs;
- The amount of income from selling CERs or VERs can be reliably measured;
- The Company has generated the related electricity.

(e) Transfer of asset use rights

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

Rental income for operation lease is recognised by straight-line method of allocation over the rental period.

(24) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(24) Government grants (Cont'd)

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. A government grant related to revenue is a grant other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in the current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

(25) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(26) Leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. All other leases are operating leases.

(a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Rental income from an operating lease is recognised on a straight-line basis over the period of the lease.

(b) Finance leases

The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

(27) Assets held for sale and discontinued operations

Non-current assets or disposal group under the following two circumstances should be reclassified as assets held for sale: (1) the asset or disposal group is available for sale according to the common practice of similar trades; (2) the group is legally bounded by agreement and obtain the permission to sell the asset or disposal group to other parties, which is expected to commence within one year.

The carrying amount of the non-current asset(exclusive of financial assets, investment property fair value measured at fair value and deferred tax assets) is the lower of the original carrying amount less costs to sell and the fair value less costs to sell. The asset impairment loss should be made when the fair value less costs to sell are lower than the original carrying amount.

Asset or disposal group that is reclassified as being held for sale should be respectively disclosed as current assets or current liability in the balance sheet.

Discontinued operations whose components can be identified separately and are reclassified as being disposed or held for the purpose of sale should be reclassified as being held for sale under one of the following circumstances: (1) the components represent a separate major operation or a separate major operating district; (2) the components are a part of the plan of disposing a separate major operation or a separate major operating district; (3) the components are set up for resale as subsidiaries.

The net profits of discontinued operations consists of gains or losses of operation and disposal.

(28) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(28) Segment information(Cont'd)

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

(29) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(a) Estimates on impairment of other long-term assets

As described in Note II(19), fixed assets, construction in progress, intangible assets with finite useful lives, investment properties that are measured at cost and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there's indications that the assets may be impaired the balance sheet date.

When assessing whether there's indication that the above assets are impaired, management mainly evaluate and analyse: (1) whether events affecting asset impairment occurred; (2) whether the present value of expected cash flows arising from the continuing use or disposal of the asset is lower than its carrying amount; (3) whether the assumptions used in estimating the present value of future cash flows is appropriate.

Relevant assumptions adopted by the Group to determine impairment, e.g. changes in assumptions on discount rate and growth rate used to calculate the present value of future cash flows may have material impact on the present value used in the impairment test, and cause impairment in the above-mentioned long-term assets of the Group.

(b) Useful lives of fixed assets and ration of residual value

The estimated useful lives and ration of residual value of fixed assets are determined by management after taking into account their durability and past maintenance records based on the industry practice. The estimated useful life of the assets is reviewed at each year-end with appropriate adjustments made accordingly.

On 1 June 2017, the Group has adjusted the useful life and ratio of residual value of some of the fixed assets (Note II(31)).

Any changes in the estimated useful life and ration of residual value of fixed assets may have significant impact on the Group's net profits.

(c) Enterprise income tax

The recognition of the deferred tax assets arising from deductible temporary differences and deductible

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losses largely depends on management's judgements on whether it can obtain enough future taxable income for deducting deductible temporary differences and deductible losses in future period, whereas the calculation of the future taxable income needs to apply related judgements and estimations, together with the impact on overall economic environment, and different judgements and estimations will impact on the recognition and amounts of deferred tax assets.

II Summary of significant accounting policies and accounting estimates (Cont'd)

(29) Critical accounting estimates and judgements (Cont'd)

(d) Deferred tax assets

Whether or not deferred tax assets generated from the deductible losses and the deductible temporary difference depends on the management's judgement on whether there will be sufficient future taxable profits available against the deductible losses and the deductible temporary difference. The calculation of the amount of taxable income relies on judgement and estimates of the future and need to take into consideration the strategy on tax planning and overall economic environment. Difference in judgement and estimates will lead to the difference in whether or not the deferred tax assets should be recognize and the amount of the recognized deferred tax assets.

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Group exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits will affect the amount of deferred tax assets.

(30) Significant changes in accounting policies

In 2017, the Ministry of Finance released the *Accounting Standard for Business Enterprises No. 42 - Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations*, the revised *Accounting Standard for Business Enterprises No. 16 - Government Grants* and the *Circular on Amendment to Formats of Financial Statements of General Industry* (Cai Kuai [2017] No. 30). The financial statements are prepared in accordance with the above standards and circular, and impacts are as follows:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected
		2016
The government grants related to income incurred in 2017 are directly written down to related expenses or losses. The comparatives as at 31 December 2016 were not restated.	Not applicable	Not applicable
		2016
The Group recorded the gains or losses on disposals of fixed assets and intangible assets incurred in 2017, in gains on disposals of assets. The comparatives as at 31 December 2016 were restated accordingly.	Gains on disposal of assets	(3,723,321)
	Non-operating income	(17,252)
	Non-operating expenses	3,740,573

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II Summary of significant accounting policies and accounting estimates (Cont'd)**(31) Significant changes in accounting estimates**

According to the assessment of the Group's management, the capability of the generator sets and equipment will be significantly enhanced and the useful life of relevant fixed assets can be extended since the Group conduct technical reinforcement and apply technical innovation. However, due to changes in economic environment and technical improvement, the useful lives of some fixed assets have been severely curtailed. On 31 May 2017, the eighth session Board of Directors of the Group held the first communication meeting in 2017, and approved *the Proposal on Adjusting Depreciation Period and Residual Values for Some Fixed Assets*. Pursuant to the proposal, the Group plans to adjust estimated useful lives and ratio of residual value of fixed assets from 1 June 2017.

The changes of estimated useful life and ratio of residual value are as follows:

	Estimated useful lives before adjustments	Estimated ratio of residual value	Estimated useful lives after adjustments	Estimated ratio of residual value	Explanation
Buildings	10 to 50 years	0%-10%	10 to 50 years	0%-5%	(a)
Power generation equipment	6 to 31 years	0%-10%	5 to 31 years	0%-5%	(b)
Motor vehicles	5 to 10 years	0%-10%	5 to 10 years	0%-5%	Unchanged
Other equipment	5 to 25 years	0%-10%	5 to 25 years	0%-5%	(c)

(a) The estimated useful lives of non-production premises and buildings are adjusted to 40 years from 22 years or 35 years.

(b) The estimated useful lives of certain wind-generator sets, hydraulic-generator sets, generation and heating equipment and power transformer equipment are adjusted to 8 years or 20 years from 13 years, 16 years or 18 years; the estimated useful lives of De-NOx equipment are adjusted to 5 years or 10 years from 13 years; the estimated useful lives of some coal transportation equipment, terminal transportation equipment are adjusted to 15 years from 8 years or 13 years.

(c) The estimated useful lives of other equipment including crane, lifting machine and truck scales are adjusted to 10 years from 8 years.

The Group's subsidiaries Zhanjiang Wind Power, Shibeishan adjusted the residual value to 5% from 10% for fixed assets since 1 June 2017.

According to regulations of the Accounting Standards for Business Enterprises, the changes in accounting estimates adopt prospective application method. The changes in accounting estimates will result in a decrease of RMB 377 million in depreciation of fixed assets for the period from 1 June 2017 to 31 December 2017, and an increase of RMB 212 million in net profit attributable to the Company for the year ended 31 December 2017.

Except for the above changes in accounting estimates, the Group adopts the judgements and assumptions that are in substance consistent with the judgements and assumptions applied in 2016 to make estimates.

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III Taxation

- (1) The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Value-added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)	3%, 6%, 11% and 17%
City maintenance and construction tax	The payment amount of VAT, business tax and consumption tax	5% to 7%
Educational surcharge	Amount of business tax and VAT paid	3%
Local educational surcharge	Amount of business tax and VAT paid	2%
Enterprise income tax (a)	Taxable income	12.5% and 25%
House property tax	The rental income or residual value of the property	12% and 1.2%

- (a) Except for the subsidiaries Guangdong Yudean Xuwen Wind Power Electricity Co., Ltd. ("Xuwen Wind Power"), Guangdong Yudean Dianbai Wind Power ("Dianbai Wind Power"), Guangdong Yudean Qujie Wind Power Co., Ltd. ("Qujie Wind Power") and Guangdong Yudean Leizhou Wind Power Co., Ltd. ("Leizhou Wind Power") (see Note III(2)), the applicable tax rate for the Company and its subsidiaries is 25%.

- (2) Preferential tax treatments

Pursuant to the approval documents (Caishui [2008] No. 46 and Guo Shui Fa [2009] No. 80), Xuwen Wind Power, Dianbai Wind Power, Qujie Wind Power and Leizhou Wind Power are exempted from enterprise income tax in the first three years counting from the year profits are recorded, and can enjoy half rate reduction in the following three years. As the local taxation bureau considered that Xuwen Wind Power posted profits for the first time in 2012, and Dianbai Wind Power posted profits for the first time in 2016, Qujie Wind Power posted profits for the first time in 2016 and Leizhou Wind Power posted profits for the first time in 2017, the applicable enterprise income tax rates for Xuwen Wind, Dianbai Wind Power, Qujie Wind Power and Leizhou Wind Power are 12.5%, 0%, 0% and 0% in 2017 (2016: 12.5%, 0%, 0% and not available) respectively.

In addition, 50% of VAT levied on the sales of electricity generated by Guangdong Yudean Shibeishan Wind Power Co., Ltd. ("Shibeishan"), Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd. ("Zhanjiang Wind Power"), Xuwen Wind Power, Dianbai Wind Power, Qujie Wind Power and Leizhou Wind Power and Huilai Wind Power will be refunded immediately in accordance with the *Notice Concerning Value Added Tax Policies on Wind Power Generation* (Cai Shui [2015] No.74).

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IV Notes to the consolidated financial statements**(1) Cash at bank and on hand**

	31 December 2017	31 December 2016
Cash on hand	37,745	49,457
Cash at bank	844,241,939	385,820,099
Deposits with Yudean Finance (b)	4,152,300,806	4,799,004,094
	<u>4,996,580,490</u>	<u>5,184,873,650</u>

(a) As at 31 December 2017, the Group had no offshore deposit (31 December 2016: Nil).

(b) Deposits with Yudean Finance refers to the deposits placed with Guangdong Yudean Finance Co., Ltd. ("Yudean Finance"). Yudean Finance is a financial institution established with the approval of the People's Bank of China. Yudean is the parent company of Yudean Finance.

(2) Accounts receivable

	31 December 2017	31 December 2016
Accounts receivable	2,826,237,259	2,776,061,909
Less: Provision for bad debts	-	-
	<u>2,826,237,259</u>	<u>2,776,061,909</u>

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2017	31 December 2016
Within 1 year (inclusive)	2,815,185,386	2,774,635,805
1 to 2 years (inclusive)	11,051,873	1,426,104
	<u>2,826,237,259</u>	<u>2,776,061,909</u>

As at 31 December 2017 and 31 December 2016, based on the analysis of the customers' financial status and credit record, the Group expected that the accounts receivable with ageing of 1 to 2 years can be fully recovered with no impairment, thus no provisions for bad debts are individually provided. As other accounts receivable aged within one year are mainly receivables from sales of electricity which have been recovered in a subsequent period, there's no risk of impairment.

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IV Notes to the consolidated financial statements (Cont'd)

(2) Accounts receivable (Cont'd)

(b) Accounts receivable are analysed by categories as follows:

	As at 31 December 2017				31 December 2016			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision	Amount	% of total balance	Amount	Provision
				%				%
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	2,781,066,903	98.40%	-	-	2,728,506,320	98.29%	-	-
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	45,170,356	1.60%	-	-	47,555,589	1.71%	-	-
	<u>2,826,237,259</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>	<u>2,776,061,909</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>

(c) As at 31 December 2017, the five largest accounts receivable according to debtors were analysed as follows:

Entity name	Amount	Provision for bad debts	% of total balance
Total amount of accounts receivable to five largest debtors	<u>2,781,066,903</u>	<u>-</u>	<u>98.40%</u>

(d) There was no accrual, recovery, or reversal of provision for bad debts, and no write-off for accounts receivable in the current year (2016: Nil)

(e) As at 31 December 2017, the Group had accounts receivable with carrying amount of RMB 402,847,793 (31 December 2016: RMB 316,986,314) and the on-grid power tariff collection right were pledged to banks to obtain long-term borrowings of RMB 2,698,978,707, including RMB 209,579,575 due within one year (31 December 2016: RMB 2,537,296,396, including RMB 184,196,290 due within one year) (see Note IV 31(a), 33(a)).

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IV Notes to the consolidated financial statements (Cont'd)

(3) Advances to suppliers

(a) The ageing of advances to suppliers is analysed below:

	31 December 2017		31 December 2016	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	825,247,024	99.81%	1,062,290,930	99.76%
1 to 2 years	963,292	0.12%	1,680,510	0.16%
2 to 3 years	8,640	0.00%	68,229	0.01%
Over 3 year	567,323	0.07%	782,453	0.07%
	<u>826,786,279</u>	<u>100.00%</u>	<u>1,064,822,122</u>	<u>100.00%</u>

As at 31 December 2017, advances to suppliers aged more than 1 year were RMB 1,539,255 (31 December 2016: RMB 2,531,192), mainly including prepayments for spare parts and materials.

(b) As at 31 December 2017, the five largest advances to debtors were summarised as follows:

	Amount	% of total balance
Total amount of advances to five largest debtors	<u>675,474,337</u>	<u>81.70%</u>

(4) Interest receivable

	31 December 2017	31 December 2016
Time deposit	<u>14,923,771</u>	<u>16,681,118</u>

(5) Other receivables

	31 December 2017	31 December 2016
Receivables from sales of by-products	140,445,384	66,823,439
Refund of land-transferring fee receivable	23,446,000	-
Petty cash	6,996,288	24,005,804
Government grants receivable	6,474,557	4,226,820
Project expenses paid on behalf	6,236,199	20,197,811
Others	<u>32,156,092</u>	<u>24,669,780</u>
	<u>215,754,520</u>	<u>139,923,654</u>
Less: Provision for bad debts	<u>(6,846,527)</u>	<u>(6,423,698)</u>
	<u>208,907,993</u>	<u>133,499,956</u>

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IV Notes to the consolidated financial statements (Cont'd)

(5) Other receivables (Cont'd)

(a) The ageing of other receivables is analysed as follows:

	31 December 2017	31 December 2016
Within 1 year	198,718,207	106,699,057
1 to 2 years	7,803,912	5,268,247
2 to 3 years	841,160	1,121,768
Over 3 year	8,391,241	26,834,582
	<u>215,754,520</u>	<u>139,923,654</u>

Ageing starts from the date that the other receivables are recognised.

As at 31 December 2017, other receivables of RMB 8,300,017 (31 December 2016: RMB 25,898,935) were past due. However, based on the analysis of financial status and credit record of debtors, the Group expected that the overdue amounts could be recovered with no existence of impairment, thus no provisions for bad debts were individually provided. The ageing of overdue other receivables is analysed as follows:

	31 December 2017	31 December 2016
1 to 2 years	5,912,738	5,476,603
2 to 3 years	696,885	473,906
Over 3 years	1,690,394	19,948,426
	<u>8,300,017</u>	<u>25,898,935</u>

(b) Other receivables are analysed by categories as follows:

	31 December 2017				31 December 2016			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision %	Amount	% of total balance	Amount	Provision %
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	171,216,800	79.36%	-	-	85,142,409	60.85%	-	-
With amounts that are not individually significant but that the related provision for	44,537,720	20.64%	(6,846,527)	15.37%	54,781,245	39.15%	(6,423,698)	11.73%

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

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bad debts is
provided on
the individual
basis

215,754,520	100.00%	(6,846,527)	3.17%	139,923,654	100.00%	(6,423,698)	4.59%
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IV Notes to the consolidated financial statements (Cont'd)

(5) Other receivables (Cont'd)

(c) Increase, recovery or reversal, and write-off for provision of bad debts in the current year

	31 December 2017	31 December 2016
Opening balance	(6,423,698)	(6,365,291)
Increase in the current year	(422,829)	(58,407)
Recovery or reversal in the current year	-	-
Ending balance	<u>(6,846,527)</u>	<u>(6,423,698)</u>

(d) As at 31 December 2017, the top five balances of other receivables categorised by debtors were summarised as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Guangdong Environmental Protection Co., Ltd. ("Yudean Environmental")	Yudean Receivables from sales of by-products	136,540,065	Within 1 year	63.28%	-
Maoming Port Construction Office	Bohe New Port Headquarters Advances for land	23,446,000	Within 1 year	10.87%	-
Huilai Country Office, State Administration of Taxation	Receivables from VAT return	5,740,735	Within 2 years	2.66%	-
Maoming Jiarun Investment Co., Ltd.	Receivables from borrowed labour management fee	5,490,000	Within 1 year	2.54%	-
Huizhou Zhonghai Shipping Agency Co., Ltd.	Receivables from towboat service fee	3,071,530	Within 1 year	1.43%	-
		<u>174,288,330</u>		<u>80.78%</u>	<u>-</u>

(e) As at 31 December 2017, the analysis of the Group's receivables of government grants was as follows:

	Government grants	Balance	Ageing	Estimated time, amount and basis of collection
Huilai Country Office, State Administration of Taxation	Immediate refund of VAT	5,740,735	Within 2 years	Expected to be fully recovered by June 2018
Xuwen Country Office, State Administration of Taxation	Immediate refund of VAT	727,783	Within 1 year	Expected to be fully recovered by June 2018
Zhanjiang Municipal Office, State Administration of Taxation	Immediate refund of VAT	6,039	Within 1 year	Expected to be fully recovered by June 2018
		<u>6,474,557</u>		

(6) Inventories

(a) Inventories are summarised by categories as follows:

31 December 2017	31 December 2016
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	Ending balance	Provision for decline in the value of inventories	Carrying amount	Ending balance	Provision for decline in the value of inventories	Carrying amount
Fuel	807,187,691	-	807,187,691	806,132,327	-	806,132,327
Spare parts	714,566,924	(17,420,859)	697,146,065	739,267,517	(59,602,850)	679,664,667
Others	23,301,017	-	23,301,017	27,356,247	-	27,356,247
	<u>1,545,055,632</u>	<u>(17,420,859)</u>	<u>1,527,634,773</u>	<u>1,572,756,091</u>	<u>(59,602,850)</u>	<u>1,513,153,241</u>

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IV Notes to the consolidated financial statements (Cont'd)

(6) Inventories (Cont'd)

(b) Provision for decline in the value of inventories is analysed as below:

	31 December 2016	Decrease in the current year		31 December 2017
		Reversal or write-off	Others	
Spare parts	(59,602,850)	42,181,991	-	(17,420,859)

As at 31 December 2017, the Group made provision for decline in the value of inventories because some spare parts were rendered useless and impaired as a result of technology upgrade.

(c) Provision for decline in the value of inventories is as follows:

	Specific basis for determination of net realisable value	Reason for reversal or write-off of provision for decline in the value of inventories in the current year
Spare parts	Market price	Disposal and scrap of spare parts

(7) Other current assets

	31 December 2017	31 December 2016
VAT to be deducted	1,106,133,996	868,022,220
Income tax prepaid	31,389,365	12,496,080
Others	59,108	1,537,291
	<u>1,137,582,469</u>	<u>882,055,591</u>

(8) Available-for-sale financial assets

	31 December 2017	31 December 2016
Measured at fair value		
- Available-for-sale equity instruments	408,992,985	419,736,308
Measured at cost		
- Available-for-sale equity instruments	<u>859,651,686</u>	<u>859,651,686</u>
	<u>1,268,644,671</u>	<u>1,279,387,994</u>
Less: Provision for impairment	<u>(25,010,686)</u>	<u>-</u>
	<u>1,243,633,985</u>	<u>1,279,387,994</u>

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IV Notes to the consolidated financial statements (Cont'd)

(8) Available-for-sale financial assets (Cont'd)

(a) Related information of available-for-sale financial assets is analysed as follows:

Available-for-sale financial assets measured at fair value:

	31 December 2017	31 December 2016
Available-for-sale equity instruments		
- Fair value	408,992,985	419,736,308
- Cost	255,328,616	255,328,616
- Accumulated amount included in other comprehensive income	153,664,369	164,407,692
- Accumulated provision for impairment	-	-

(i) As at 31 December 2017, the Company held 12,600,000 tradable A shares in Shenzhen Energy with fair value of RMB 76,356,000, and the investment cost was RMB 15,890,628. The investment was stated at fair value with reference to the market price. During the year, losses at fair value amounted to RMB 10,206,000 (2016: RMB 37,170,000), and other comprehensive income was adjusted downwards accordingly.

(ii) As at 31 December 2017, the Company held 55,532,250 tradable A shares in Shenergy with fair value of RMB 325,418,985, and the investment cost was RMB 235,837,988. The investment was stated at fair value with reference to the market price. During the year, losses at fair value amounted to RMB 555,323 (2016: losses of RMB 93,294,180), and other comprehensive income was adjusted downwards accordingly.

(iii) As at 31 December 2017, the Company held 1,800,000 shares of GMG International Tendering Co., Ltd. traded at the National Equities Exchange and Quotations system with fair value of RMB 7,218,000, and the investment cost was RMB 3,600,000. The investment was stated at fair value with reference to the market price. During the year, gains at fair value amounted to RMB 18,000 (2016: losses of RMB 3,150,000), and other comprehensive income was adjusted upwards accordingly.

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IV Notes to the consolidated financial statements (Cont'd)

(8) Available-for-sale financial assets (Cont'd)

(b) Available-for-sale financial assets measured at cost:

	31 December 2016	Increase in the current year	31 December 2017	Shareholding ratio in invested entities (%)	Cash dividends in the current year
Available-for-sale equity instruments - cost					
- Shenzhen Capital Group Co., Ltd.	115,000,000	-	115,000,000	3.67%	16,978,349
- Sunshine Insurance Group Corporation	356,000,000	-	356,000,000	3.38%	21,000,000
- South Sea Wind Electricity Development Co., Ltd.	70,000,000	-	70,000,000	10.00%	-
- Weixin Yuntou Yudean Zhaxi Energy Co., Ltd. ("Weixin Yuntou")	318,651,686	-	318,651,686	19.55%	-
	<u>859,651,686</u>	<u>-</u>	<u>859,651,686</u>		<u>37,978,349</u>
Available-for-sale equity instruments - provision for impairment					
- Weixin Yuntou(i)	<u>-</u>	<u>(25,010,686)</u>	<u>(25,010,686)</u>		
	<u>859,651,686</u>	<u>(25,010,686)</u>	<u>834,641,000</u>		

The available-for-sale financial assets measured at cost mainly include the unlisted equity investments held by the Company which are not quoted in an active market and whose fair value cannot be reliably measured as the variability in the range of reasonable fair value measurements is significant and the probabilities of the various estimates used to determine the fair value cannot be reasonably determined.

- (i) As Weixin Yuntou started continuous operating loss, the Company's management raised provision for impairment of RMB 25,010,686 on the basis of the difference between the book value of the available-for-sale financial assets and the present value of future cash flow determined by market profitability of similar financial assets at that time.

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IV Notes to the consolidated financial statements (Cont'd)

(9) Long-term receivables

Items	31 December 2017			31 December 2016			Range of discount rate
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Sales and leaseback deposits	84,358,065	-	84,358,065	136,075,412	-	136,075,412	5.31% to 7.05%

As at 31 December 2017, the Group's long-term receivables mainly represented the present value of RMB 160,000,000 of deposits paid for fixed assets held under sales and leaseback (31 December 2016: RMB 160,000,000).

(10) Long-term equity investments

	31 December 2017	31 December 2016
Joint ventures (a)	605,678,402	584,241,360
Associates (b)	5,195,328,010	4,848,396,390
	<u>5,801,006,412</u>	<u>5,432,637,750</u>
Less: Provision for impairment of long-term equity investments	-	-
	<u>5,801,006,412</u>	<u>5,432,637,750</u>

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IV Notes to the consolidated financial statements (Cont'd)

(10) Long-term equity investments (Cont'd)

(a) Joint ventures

The equity-related information of the joint ventures is set out in Note VI(2).

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IV Notes to the consolidated financial statements (Cont'd)

(10) Long-term equity investments (Cont'd)

(b) Associates

	31 December 2016	Movements for the current year								31 December 2017	Provision for impairment at the end of the year
		Increase in investment	Decrease in investment	Net gains or losses under equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared	Provision for impairment loss	Transferred out in current year		
Shanxi Yudean Energy Co., Ltd. ("Shanxi Yudean Energy")	998,393,392	-	-	226,047,854	-	-	(8,000,000)	-	-	1,216,441,246	-
Yudean Finance	667,666,853	-	-	75,329,385	-	-	(42,295,033)	-	-	700,701,205	-
Guangdong Guohua Yudean Electric Co., Ltd. ("Taishan Electric")	1,970,490,827	-	-	86,266,136	-	-	(95,281,354)	-	-	1,961,475,609	-
Guangdong Yudean Shipping Co., Ltd. ("Yudean Shipping")	935,332,553	-	-	8,613,940	-	-	(2,188,557)	-	-	941,757,936	-
Guangdong Yudean Western Investment Co., Ltd. ("Western Investment")	200,011,582	-	-	(46,314,869)	-	-	-	-	-	153,696,713	-
Huaneng Shantou Wind Power Co., Ltd. ("Huaneng Shantou Wind Power")	61,986,226	-	-	6,174,448	-	-	(5,410,000)	-	-	62,750,674	-
Yangshan Jiangkeng Hydropower Co., Ltd. ("Yangshan Jiangkeng")	5,991,055	-	-	616,304	-	-	(933,933)	-	-	5,673,426	-
Yangshan Zhongxinkeng Electric Co., Ltd. ("Yangshan Zhongxinkeng")	8,523,902	-	-	684,457	-	-	(1,698,988)	-	-	7,509,371	-
Guangdong Yudean Property Self-Insurance Co., Ltd. ("Yudean Property")	-	147,000,000	-	(1,678,170)	-	-	-	-	-	145,321,830	-

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Self-Insurance”(i)											
	4,848,396,390	147,000,000	-	355,739,485	-	-	(155,807,865)	-	-	5,195,328,010	-

- (i) The company set up Guangdong Yudean Property Self-Insurance Co., Ltd. with Yudean Group on April, 2017. The Company invested RMB 147,000,000, accounting for 49% of total investment.

The equity-related information of the associates is set out in Note VI(2).

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IV Notes to the consolidated financial statements (Cont'd)

(11) Investment properties

	Buildings
Cost	
- Opening balance and ending balance	20,135,165
Accumulated depreciation	
- Opening balance	(11,202,928)
- Increase in the current year	(635,598)
- Ending balance	(11,838,526)
Carrying amount	
- Ending balance	8,296,639
- Opening balance	8,932,237

(12) Fixed assets

	Buildings	Power generation equipment	Motor vehicles	Other equipment	Total
Cost					
31 December 2016	17,122,935,233	54,742,668,249	612,243,075	1,160,457,302	73,638,303,859
Increase in the current year					
Purchase	175,605,750	110,861,016	11,573,858	39,700,981	337,741,605
Transfers from construction in progress (c)	965,559,989	1,359,820,394	2,274,584	79,422,416	2,407,077,383
Adjustment for project settlement differences	523,242	(16,148,881)	(33,390)	(2,600)	(15,661,629)
Disposals and scrap in the current year	(17,748,375)	(1,117,005,696)	(16,733,826)	(6,945,841)	(1,158,433,738)
Reclassification to other current assets	-	-	-	(255,338)	(255,338)
31 December 2017	18,246,875,839	55,080,195,082	609,324,301	1,272,376,920	75,208,772,142
Accumulated depreciation					
31 December 2016	(5,644,005,857)	(23,660,669,651)	(425,757,766)	(776,998,641)	(30,507,431,915)
Increase in the current year					
Provision (b)	(491,308,432)	(2,907,517,345)	(39,974,785)	(60,378,566)	(3,499,179,128)
Decrease in the current year					
Disposal and scrap	4,940,689	655,172,318	14,271,979	6,068,967	680,453,953
Reclassification to other current assets	-	-	-	196,230	196,230
31 December 2017	(6,130,373,600)	(25,913,014,678)	(451,460,572)	(831,112,010)	(33,325,960,860)
Provision for impairment loss					
31 December 2016	(129,030,264)	(1,180,825,371)	(2,322,621)	(4,008,167)	(1,316,186,423)
Increases in the current year					
Provision (d)	-	(29,483,080)	-	-	(29,483,080)

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Decrease in the current year					
Disposal and scrap	11,709,278	446,253,305	1,089,403	12,551	459,064,537
31 December 2017	(117,320,986)	(764,055,146)	(1,233,218)	(3,995,616)	(886,604,966)

Carrying amount

31 December 2017	11,999,181,253	28,403,125,258	156,630,511	437,269,294	40,996,206,316
31 December 2016	11,349,899,112	29,901,173,227	184,162,688	379,450,494	41,814,685,521

IV Notes to the consolidated financial statements (Cont'd)

(12) Fixed assets (Cont'd)

- (a) As at 31 December 2017, power generation equipment with the carrying amount of RMB 757,878,678 (the cost of RMB 2,562,570,238) (31 December 2016: the carrying amount of RMB 816,058,138 and the cost of RMB 2,562,570,238) were pledged as collateral for long-term borrowings of RMB 85,000,000 (31 December 2016: RMB 226,400,000) (Note IV(33)(b)).

As at 31 December 2017, no buildings were pledged as collateral for long-term borrowings (31 December 2016: Nil).

- (b) In 2017, the Group's depreciation amount charged for fixed assets was RMB 3,499,179,128 (2016: RMB 3,939,547,160), among which RMB 3,446,599,794, RMB 4,185, RMB 46,987,909 and RMB 5,587,240 (2016: RMB 3,893,532,712, RMB 4,185, RMB 42,638,087, RMB 3,372,176) were charged to cost of sales, selling and distribution expenses, general and administrative expenses and construction in progress respectively.

- (c) The costs of fixed assets transferred from construction in progress amounted to RMB 2,407,077,383 (2016: RMB 2,367,688,811) (Note IV(13)(a)).

- (d) Impairment of fixed assets

In 2017, movements of provision for impairment of fixed assets were as follows:

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017
Guangdong Yuejia Electric Co., Ltd. ("Yuejia Electric") (i)	481,538,999	-	(1,089,403)	480,449,596
Zhongyue Energy (iii)	214,553,161	12,990,034	(214,880,231)	12,662,964
Guangdong Red Bay Power Generation Co., Ltd. ("Red Bay Power") (iii)	184,988,419	-	(91,162,974)	93,825,445
Xuwen Wind Power (ii)	126,877,473	-	-	126,877,473
Zhanjiang Electric Co., Ltd. ("Zhanjiang Electric") (iii)	89,280,832	15,153,177	(75,141,663)	29,292,346
Guangdong Yudean Jinghai Power Co., Ltd. ("Jinghai Power") (iii)	71,082,445	-	(47,388,149)	23,694,296
Guangdong Shaoguan Yuejiang Electric Power Co., Ltd. ("Yuejiang Power") (iii)	52,870,382	1,339,869	(118,387)	54,091,864
Maoming Zhenneng Thermal Power Co., Ltd. ("Maoming Zhenneng") (iii)	49,057,453	-	(19,305,769)	29,751,684
Shajiao A Power plant (iii)	45,937,259	-	(9,977,961)	35,959,298
	<u>1,316,186,423</u>	<u>29,483,080</u>	<u>(459,064,537)</u>	<u>886,604,966</u>

IV Notes to the consolidated financial statements (Cont'd)

(12) Fixed assets (Cont'd)

(d) Impairment of fixed assets (Cont'd)

(i) Impairment of fixed assets related to generator units of Yuejia Electric

The four generator units of Yuejia Electric have been shut down by August 2016. As at 31 December 2016, the Group made provisions of RMB 481,538,999 for impairment of asset groups related to generator units of Yuejia Electric. In 2017, management continued to dispose part of the production equipment and transferred out RMB 1,089,403 of provision for impairment of fixed assets. As at 31 December 2017, the balance of provision for impairment of fixed assets related to generator units of Yuejia Electric was RMB 480,449,596.

(ii) Impairment of generator units of Xuwen Wind Power

In July 2014, super typhoon Rammasun slammed the Yongshi Wind Power Plant owned by Xuwen Wind Power. Eighteen generator units were destroyed (Cost of the generator units was RMB 138,358,965, with accumulated depreciation of RMB 11,481,492). As the units were completely destroyed, management recorded provision of RMB 126,877,473 for impairment of these units against their full carrying amounts. As at 31 December 2017, the fixed assets were yet to be disposed.

(iii) Impairment of ultra-low emissions, energy-saving, and catalyst of denitrification projects

According to *Ultra-low Emissions and Energy-saving Transformation Work Program in Full Operation* (Huan Fa [2015] No. 164) jointly issued by Ministry of Environmental Protection, National Development and Reform Commission and Bureau of Energy, it required fully operating ultra-low emissions and energy-saving transformation and reducing coal consumption and pollutant discharge. For this purpose, the Group made specific plans to propel the implementation of ultra-low emissions and energy-saving program, so that the reconstruction project of its coal-fired units could be accomplished on schedule and run steadily. Based on the specific circumstance of implementation of the Group's coal-fired units on the program, certain part of equipment units are required to be dismantled or scrapped in advance. The Group recorded corresponding provision for impairment according to the expected recoverable amounts of catalyst of denitrification. As at 31 December 2016, the amount of provisions for the impairment were RMB 707,769,951. In 2017, the Group recorded an additional provision of RMB 29,483,080 for impairment on the basis of implementation of reconstruction projects. Besides, the provision for impairment of the fixed assets amounting to RMB 457,975,134 were reversed due to dismantlement and disposal of related assets.

IV Notes to the consolidated financial statements (Cont'd)

(12) Fixed assets (Cont'd)

(e) Fixed assets held under finance leases

	Cost	Accumulated depreciation	Carrying amount
31 December 2017			
Power generator equipment	3,621,850,800	(1,634,876,213)	1,986,974,587
31 December 2016			
Power generator equipment	3,621,850,800	(1,242,103,758)	2,379,747,042

Details of the future lease payments of fixed assets held under finance leases are disclosed in Note IV(35).

(f) Fixed assets with pending certificates of ownership:

	Carrying amount	Reason for pending certificate of ownership
Plants and buildings	329,442,220	Awaiting government approval

As at 31 December 2017, after consulting the Group's legal consultant, management believed that there were no substantial legal obstacles in obtaining the certificates and no material adverse impact on normal operation of the Group would occur.

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IV Notes to the consolidated financial statements (Cont'd)

(13) Construction in progress

	31 December 2017			31 December 2016		
	Ending balance	Provision for impairment loss	Carrying amount	Ending balance	Provision for impairment loss	Carrying amount
Bohe Coal integration project	5,301,125,305	-	5,301,125,305	3,540,338,713	-	3,540,338,713
Huizhou Natural Gas thermal and power cogeneration expansion project	1,368,242,612	-	1,368,242,612	267,728,615	-	267,728,615
Zhongyue 1, 2 # generator units alteration project	317,584,933	-	317,584,933	-	-	-
Xuwen Qujie wind power project	312,791,806	-	312,791,806	157,109,585	-	157,109,585
Xuwen Shibao Ling wind power project	224,363,966	-	224,363,966	227,143,871	-	227,143,871
Humen Electric 2*1000MW project	137,373,040	(137,373,040)	-	137,373,040	(49,461,265)	87,911,775
Jinghai 1-4# generators ultra-low emission reduction alteration project	41,786,331	-	41,786,331	40,323,340	-	40,323,340
Zhanjiang Electric 1-4# generators ultra-low emission reduction alteration project	43,214,650	-	43,214,650	13,813,751	-	13,813,751
Lincang Dayakou Hydropower Station	29,048,654	-	29,048,654	1,051,344,320	-	1,051,344,320
Red Bay No.5&6 generator units	26,446,446	-	26,446,446	26,360,597	-	26,360,597
Other infrastructure construction projects	462,343,094	(14,906,223)	447,436,871	320,277,569	(11,980,219)	308,297,350
Technology improvement and other projects	356,532,229	(886,463)	355,645,766	371,119,846	(886,463)	370,233,383
Leizhou Hongxinlou wind power project	-	-	-	252,688,463	-	252,688,463
	<u>8,620,853,066</u>	<u>(153,165,726)</u>	<u>8,467,687,340</u>	<u>6,405,621,710</u>	<u>(62,327,947)</u>	<u>6,343,293,763</u>

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IV Notes to the consolidated financial statements (Cont'd)

(13) Construction in progress (Cont'd)

(a) Movements of major construction in progress

Project name	Budget	December 2016	Increase in the current year	Transfer to fixed assets(Note IV(12)(c))	Impairment	Other decrease	31 December 2017	Proportion of investment to the budget (%)	Project progress	Capitalised borrowing costs	Including: Capitalised borrowing costs for the year	Capitalisation rate (%)	Source of funding
Bohe Coal integration project	9,785,950,000	3,540,338,713	1,760,786,592	-	-	-	5,301,125,305	54.17%	54.17%	151,722,961	52,732,643	4.41%	Borrowing, proprietary funding
Humen Electric 2*1000MW project	Not applicable	87,911,775	-	-	(87,911,775)	-	-	Not applicable	Not applicable	-	-	-	Proprietary funding
Red Bay No.5&6 generator units	7,714,370,000	26,360,597	85,849	-	-	-	26,446,446	0.34%	0.50%	-	-	-	Proprietary funding
Lincang Dayakou Hydropower Station	1,209,578,400	1,051,344,320	71,880,945	(1,094,176,611)	-	-	29,048,654	92.86%	92.86%	142,886,856	23,189,127	4.41%	Borrowing, proprietary funding
Huizhou Natural Gas thermal and power cogeneration expansion project	3,516,060,000	267,728,615	1,100,513,997	-	-	-	1,368,242,612	38.91%	38.91%	20,296,649	18,669,106	4.41%	Borrowing, proprietary funding
Jinghai 1-4# generators ultra-low emission reduction alteration project	558,000,000	40,323,340	283,405,175	(281,942,184)	-	-	41,786,331	58.38%	58.38%	-	-	-	Proprietary funding
Dianbai Reshui wind power plant project	483,714,800	118,376	335,128	-	-	-	453,504	92.38%	98.00%	-	-	-	Proprietary funding
Xuwen Qujie wind power project	466,450,000	157,109,585	178,415,172	-	-	(22,732,951)	312,791,806	72.91%	77.00%	11,395,270	6,813,169	4.41%	Borrowing, proprietary funding
Leizhou Hongxinlou wind power project	462,920,000	252,688,463	103,942,081	(327,306,140)	-	(29,324,404)	-	77.04%	100.00%	10,565,245	6,791,373	4.55%	Borrowing, proprietary funding
Xuwen Shibao Ling wind power project	460,639,300	227,143,871	21,483,914	-	-	(24,263,819)	224,363,966	53.97%	61.00%	8,142,804	4,544,942	4.41%	Borrowing, proprietary funding
Zhanjiang Wind 1-4# generators ultra-low emission renovation project	259,000,000	13,813,751	146,800,899	(117,400,000)	-	-	43,214,650	61.73%	61.73%	-	-	-	Proprietary funding
Zhongyue 1, 2 #	531,200,000	-	317,584,933	-	-	-	317,584,933	59.79%	90.00%	2,300,278	2,300,278	4.90%	Borrowing,

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generator units alteration project													proprietary funding
Other infrastructure construction projects	Not applicable	308,178,974	159,074,316	(17,343,919)	(2,926,004)	-	446,983,367	Not applicable	Not applicable	-	-	-	
Technology improvement and other projects	Not applicable	370,233,383	561,590,074	(568,908,529)	-	(7,269,162)	355,645,766	Not applicable	Not applicable	-	-	-	
		<u>6,343,293,763</u>	<u>4,705,899,075</u>	<u>(2,407,077,383)</u>	<u>(90,837,779)</u>	<u>(83,590,336)</u>	<u>8,467,687,340</u>			<u>347,310,063</u>	<u>115,040,638</u>		

- (i) Other decreases of construction in progress during the year mainly represented the adjustment on the project costs based on the actual costs (recorded by estimated project progress in previous years) during the year and transfer out of upfront expenses and income from test run that cannot bring economic benefits.

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IV Notes to the consolidated financial statements (Cont'd)

(13) Construction in progress (Cont'd)

(b) Provision for impairment of construction in progress

Item	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017	Reason for provision
Humen Electric 2*1000MW project	(49,461,265)	(87,911,775)	-	(137,373,040)	shutoff of construction
Zhanjiang Electric old office building renovation	(886,463)	-	-	(886,463)	Impairment of upfront expenses for construction in progress
Shajiao A4# coal yard sea-fill yard capacity increase project	(5,802,000)	-	-	(5,802,000)	Impairment of upfront expenses for construction in progress
Province Wind Power project early stage cost impairment	(2,824,090)	(2,926,004)	-	(5,750,094)	Impairment of upfront expenses for construction in progress
Lincang Hydro Power project early stage cost impairment	(3,354,129)	-	-	(3,354,129)	Impairment of upfront expenses for construction in progress
	<u>(62,327,947)</u>	<u>(90,837,779)</u>	<u>-</u>	<u>(153,165,726)</u>	

(i) Preparation work including preliminary feasibility studies, design and three supplies and one levelling have proceeded for the project. However, influenced by national policies upon the industry, the project have stagnated and sign of entire assets impairment have occurred. After impairment test, management made provision of impairment amounting to RMB 87,911,775 for the project in 2017 (2016: RMB 39,107,109). As at 31 December 2017, management have recorded provision for impairment of the project against its full carrying amounts.

(c) As at 31 December 2017, some projects under construction were pending the approval documents. Management expected to obtain the relevant approval documents as scheduled. In addition, management expected stable cash inflows from operating activities once the new projects were put into production. Therefore, the risk of impairment of such projects was low.

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IV Notes to the consolidated financial statements (Cont'd)

(14) Construction materials

	31 December 2017	31 December 2016
Equipment for specific use	34,372,179	-
Materials for specific use	1,496,854	1,496,854
	<u>35,869,033</u>	<u>1,496,854</u>

(15) Fixed assets pending for disposal

	31 December 2017	31 December 2016
Scraped parts of power generation equipment	14,622,066	4,304,229
Other equipment	40,167	-
	<u>14,662,233</u>	<u>4,304,229</u>

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IV Notes to the consolidated financial statements (Cont'd)

(16) Intangible assets

	Associated projects for electricity transmission and microwave engineering	Land use right	Sea use right	Transportation project	Franchise right	Software	Non-patent technology and others	Total
Cost								
31 December 2016	442,517,684	1,812,946,498	129,906,544	22,468,672	13,720,736	97,267,317	756,769	2,519,584,220
Increase in the current year								
Purchase	-	49,171	-	-	-	12,564,712	193,978	12,807,861
31 December 2017	442,517,684	1,812,995,669	129,906,544	22,468,672	13,720,736	109,832,029	950,747	2,532,392,081
Accumulated amortisation								
31 December 2016	(405,126,139)	(254,537,767)	(17,864,908)	(21,447,068)	(8,958,563)	(69,600,907)	(347,669)	(777,883,021)
Increase in the current year								
Charge for the year	-	(40,488,334)	(2,619,492)	-	(952,142)	(10,386,924)	(66,700)	(54,513,592)
31 December 2017	(405,126,139)	(295,026,101)	(20,484,400)	(21,447,068)	(9,910,705)	(79,987,831)	(414,369)	(832,396,613)
Provision for impairment loss								
31 December 2016	(33,189,374)	-	-	(1,021,604)	-	-	-	(34,210,978)
31 December 2017	(33,189,374)	-	-	(1,021,604)	-	-	-	(34,210,978)
Carrying amount								
31 December 2017	4,202,171	1,517,969,568	109,422,144	-	3,810,031	29,844,198	536,378	1,665,784,490
31 December 2016	4,202,171	1,558,408,731	112,041,636	-	4,762,173	27,666,410	409,100	1,707,490,221

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IV Notes to the consolidated financial statements (Cont'd)

(16) Intangible assets (Cont'd)

- (a) In 2017, the amortised amount of intangible assets was RMB 54,513,592 (2016: RMB 54,051,058).
- (b) As at 31 December 2017, Provisions for impairment of the use rights of associated projects for electricity transmission and transformation, microwave engineering use right and transportation engineering of Yuejia Electric were made at amount of RMB 34,210,978 (31 December 2016: RMB 34,210,978).
- (c) As at 31 December 2017, the Group had obtained land use right certificates for all of its lands, except for lands with carrying amount of RMB 48,304,742 that were under approval procedures for land use (31 December 2016: RMB 51,465,074). After consulting the Group's legal consultant, management believed that there were no substantial legal obstacles in obtaining the certificates and no material adverse impact on the normal operation of the Group will be incurred.

(17) Goodwill

31 December 2017 and 2016

Goodwill -

Guangdong Province Wind Power Generation Co., Ltd., ("Guangdong Wind Power")	2,449,886
Lincang Yudean Energy Co., Ltd., ("Lincang Energy")	25,036,894
	<u>27,486,780</u>

- (a) In 2013, the Group acquired 55% shares in Guangdong Wind Power with a combined cost of RMB 5,994,670. The excess of the combined cost over the fair value of the Group's share of Guangdong Wind Power's identifiable assets and liabilities amounted to RMB 2,449,886 and was recognised as goodwill.
- (b) On 5 January 2015, the Group exchanged for 51.00% of the equity in Lincang Energy held by third parties with 14.34% of equity in Weixin Yuntou. The excess of the combined cost over the fair value of the Group's share of Lincang Energy's identifiable assets and liabilities amounted to RMB 25,036,894 and was recognised as goodwill.

(18) Long-term prepaid expenses

	31 December 2016	Increase in the current year	Amortisation charged in the current year	31 December 2017
Long-term lease charges	21,371,959	-	(2,028,166)	19,343,793
Improvements to fixed assets held under operating leases	4,675,141	2,689,094	(1,674,621)	5,689,614
Others	8,564,612	1,391,211	(7,981,859)	1,973,964
	<u>34,611,712</u>	<u>4,080,305</u>	<u>(11,684,646)</u>	<u>27,007,371</u>

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IV Notes to the consolidated financial statements (Cont'd)

(19) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2017		31 December 2016	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for asset impairment	601,414,037	150,345,688	778,810,681	193,720,196
Deductible losses	543,075,416	135,768,855	112,722,870	28,180,717
Intra-Group transactions	202,928,868	50,732,217	220,966,988	55,241,747
Net income from test run included in construction in progress	117,089,330	26,510,083	53,276,223	13,158,344
Employee benefits payable	86,241,170	21,560,293	58,555,576	14,838,523
Depreciation of fixed assets	76,893,416	19,223,353	77,011,308	19,252,827
Capital government grants	56,576,917	14,144,229	63,727,865	15,931,966
Amortisation of land use right	3,170,586	792,647	3,011,274	752,819
Pre-operating expenses	-	-	3,089,245	386,156
	<u>1,687,389,740</u>	<u>419,077,365</u>	<u>1,371,172,030</u>	<u>341,463,295</u>
Including:				
Expected to be recovered within one year (inclusive)		115,367,229		153,444,772
Expected to be recovered after one year		303,710,136		188,018,523
		<u>419,077,365</u>		<u>341,463,295</u>

(b) Deferred tax liabilities before offsetting

	31 December 2017		31 December 2016	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of available-for-sale financial assets included in other comprehensive income	(153,664,369)	(38,416,092)	(164,407,693)	(41,101,923)
Revaluation upon acquisition	(91,379,088)	(22,844,772)	(94,486,868)	(23,621,718)
Net expenses in test run included in construction in progress	<u>(37,809,283)</u>	<u>(9,452,322)</u>	<u>(42,114,648)</u>	<u>(10,528,662)</u>

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	<u>(282,852,740)</u>	<u>(70,713,186)</u>	<u>(301,009,208)</u>	<u>(75,252,303)</u>
Including:				
Expected to be recovered within one year (inclusive)		(1,492,421)		(2,329,404)
Expected to be recovered after one year		<u>(69,220,765)</u>		<u>(72,922,899)</u>
		<u>(70,713,186)</u>		<u>(75,252,303)</u>

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IV Notes to the consolidated financial statements (Cont'd)

(19) Deferred tax assets and deferred tax liabilities (Cont'd)

- (c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2017	31 December 2016
Deductible temporary differences	936,551,327	913,316,296
Deductible losses	587,890,568	252,062,736
	<u>1,524,441,895</u>	<u>1,165,379,032</u>

- (d) Deductible losses for which no deferred income tax asset was recognised will expire in the following years:

	31 December 2017	31 December 2016
2017	-	67,060,276
2018	2,504,832	2,504,832
2019	8,513,773	7,350,102
2020	5,008,444	7,401,514
2021	148,194,058	167,746,012
2022	423,669,461	-
	<u>587,890,568</u>	<u>252,062,736</u>

Management believed that as at the maturity date for the above deductible losses, the relevant subject of tax payment does not have sufficient taxable income to deduct the above deductible losses, therefore no related deferred tax asset was recognised.

- (e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2017		31 December 2016	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	(46,524,326)	372,553,039	(37,534,026)	303,929,269
Deferred tax liabilities	46,524,326	(24,188,860)	37,534,026	(37,718,277)

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IV Notes to the consolidated financial statements (Cont'd)

(20) Other non-current assets

Item	31 December 2017	31 December 2016
Prepayment for construction	350,347,973	542,965,106
Unrealised losses on sale and leaseback (a)	173,916,629	193,703,865
Prepayment for equipment	165,761,100	1,081,412,840
Prepayments for land use right	3,732,680	39,765,321
Prepayments for house purchase	-	150,799,140
Others	889,151	2,878,159
	<u>694,647,533</u>	<u>2,011,524,431</u>

- (a) Unrealised losses on leaseback are the difference between the selling price of the power generation equipment and its carrying value, and its remaining balance after depreciation was based on the depreciation schedule of the leaseback power generation equipment.

(21) Provision for asset impairments

	31 December 2016	Increase in the current year	Reversal in the current year	Write-off in the current year	31 December 2017
Provision for bad debts	(6,423,698)	(422,829)	-	-	(6,846,527)
Including:					
Provision for bad debts for other receivables	(6,423,698)	(422,829)	-	-	(6,846,527)
Provision for decline in the value of inventories	(59,602,850)	-	-	42,181,991	(17,420,859)
Provision for impairment of fixed assets	(1,316,186,423)	(29,483,080)	-	459,064,537	(886,604,966)
Provision for impairment of construction in progress	(62,327,947)	(90,837,779)	-	-	(153,165,726)
Provision for impairment of available-for-sale financial assets	-	(25,010,686)	-	-	(25,010,686)
Provision for impairment of intangible assets	(34,210,978)	-	-	-	(34,210,978)
	<u>(1,478,751,896)</u>	<u>(145,754,374)</u>	<u>-</u>	<u>501,246,528</u>	<u>(1,123,259,742)</u>

(22) Short-term borrowings

	31 December 2017	31 December 2016
Unsecured loan	<u>9,270,000,000</u>	<u>5,758,860,000</u>

- (a) As at 31 December 2017, the annual interest rates of the short-term borrowings ranged from 3.92% to 5.02% (31 December 2016: from 3.92% to 5.32%).

- (b) As at 31 December 2017, balance of short-term credit loans provided by related party Yudean Finance amounted to RMB 5,637,000,000 (31 December 2016: RMB 3,710,000,000) (Note VIII(6)).

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IV Notes to the consolidated financial statements (Cont'd)

(23) Notes payable

	31 December 2017	31 December 2016
Bank acceptance notes (a)	297,611,800	1,088,100,837
Trade acceptance notes (b)	-	242,380,000
	<u>297,611,800</u>	<u>1,330,480,837</u>

The above notes payable are all due within one year.

- (a) As at 31 December 2017, the Group had RMB 297,611,800 acceptance notes from related party Yudean Finance (31 December 2016: RMB 655,078,278).
- (b) The Group used acceptance notes to pay for coal or fuel procured from the Company's joint venture, Fuel Supply. According to the three-party agreement signed among the Group, Yudean Finance and Fuel Supply, discounting expenses will be borne by the Group when Fuel Supply discounts the notes they receive. As at 31 December 2017, the balance of bank acceptance notes issued by the Group and discounted by Fuel Supply with Yudean Finance amounted to RMB 230,000,000 (31 December 2016: RMB 847,458,278) with discount rate of 2.70% to 4.17% (31 December 2016: 2.70% to 3.48%). The acceptance notes were ranging from three to twelve months (31 December 2016: due from three to twelve months). The amount of the above discounted notes payable represented the amount payable to Yudean Finance. The Group paid total amount of RMB 13,638,031 (31 December 2016: RMB 20,564,233) of discounting interest to Yudean Finance in 2017 (Note VIII(6)).

(24) Accounts payable

	31 December 2017	31 December 2016
Fuel payable	1,530,075,127	2,190,716,850
Materials and spare parts payable	483,460,431	799,093,816
Maintenance and administrative fees payable	89,461,265	89,461,265
Others	116,030,438	87,978,515
	<u>2,219,027,261</u>	<u>3,167,250,446</u>

- (a) As at 31 December 2017, accounts payable ageing more than one year of RMB 136,266,488 (31 December 2016: RMB 156,691,389) mainly were maintenance and administrative fees payable of RMB 89,461,265 (31 December 2016: RMB 89,461,265) and fuel and materials payable of RMB 46,805,223 (31 December 2016: RMB 67,230,124).

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IV Notes to the consolidated financial statements (Cont'd)

(25) Advances from customers

	31 December 2017	31 December 2016
Advances for grid payment	1,713,424	12,208,678
Advances from disposal of renewable resources	-	162,884
Others	224,799	84,798
	<u>1,938,223</u>	<u>12,456,360</u>

(a) As at 31 December 2017, there was no large amount advances from customers ageing over one year (31 December 2016: Nil).

(26) Employee benefits payable

	31 December 2017	31 December 2016
Short-term employee benefits payable (a)	140,101,582	125,994,004
Defined contribution plans payable (b)	-	-
Post-employment benefits payable (c)	17,637,046	18,128,124
	<u>157,738,628</u>	<u>144,122,128</u>

(a) Short-term employee benefits

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017
Wages and salaries, bonus, allowances and subsidies	50,978	1,153,893,717	(1,153,893,717)	50,978
Staff welfare	3,719,802	111,119,864	(112,974,782)	1,864,884
Social insurance	45,602,861	64,170,915	(59,364,014)	50,409,762
Including: Medical insurance	45,602,861	57,205,341	(52,398,440)	50,409,762
Work injury insurance	-	3,683,306	(3,683,306)	-
Maternity insurance	-	3,282,268	(3,282,268)	-
Housing funds	-	149,745,956	(149,745,956)	-
Labour union funds and employee education funds	74,382,591	50,376,334	(41,917,257)	82,841,668
Other short-term employee benefits	2,237,772	104,412,515	(101,715,997)	4,934,290
	<u>125,994,004</u>	<u>1,633,719,301</u>	<u>(1,619,611,723)</u>	<u>140,101,582</u>

(b) Defined contribution plans payable

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017
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Pension insurance	-	161,827,107	(161,827,107)	-
Unemployment insurance	-	3,965,046	(3,965,046)	-
Annuity	-	52,173,048	(52,173,048)	-
	-	217,965,201	(217,965,201)	-

- (c) Post-employment benefits payable refer to early retirement benefits payable due by the Group within one year (Note IV(38)).

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IV Notes to the consolidated financial statements (Cont'd)**(27) Taxes payable**

	31 December 2017	31 December 2016
Unpaid VAT	159,547,521	133,295,631
Enterprise income tax payable	59,224,530	128,468,570
Individual income tax payable	29,612,341	33,222,950
Land use tax payable	14,990,255	9,707,984
City maintenance and construction tax payable	3,500,667	2,327,949
Pollution discharge fee payable	2,996,840	3,456,932
Property tax payable	2,877,522	6,552,214
Educational surcharge payable	2,895,952	1,954,625
Embankment fee payable	-	2,879,847
Others	1,639,774	5,053,142
	<u>277,285,402</u>	<u>326,919,844</u>

(28) Interests payable

	31 December 2017	31 December 2016
Interests payable for debentures	50,486,869	44,398,814
Interests payable for long-term borrowings with interest paid in instalment and principal repaid on maturity	36,701,382	27,938,770
Interests payable for short-term borrowings	11,010,687	10,807,042
Other interests payable	354,166	504,167
	<u>98,553,104</u>	<u>83,648,793</u>

(29) Dividend payable

	31 December 2017	31 December 2016
Payable to non-tradable owners of the Company	<u>9,703,930</u>	<u>9,703,930</u>

The above dividend payable refers to dividend payable for non-tradable shares reform that is in the process of completing necessary formalities. The payment will be arranged after the formalities are completed.

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IV Notes to the consolidated financial statements (Cont'd)

(30) Other payables

	31 December 2017	31 December 2016
Construction and equipment payable	3,430,308,319	2,587,231,394
State Oceanic Administration penalty payable (IV(54)(a))	172,144,350	172,000,000
Project warranty payable	156,112,962	369,890,625
Payable for advances	12,726,072	19,936,021
Payable for purchase of unit capacity	4,000,000	4,000,000
Others	133,220,968	139,498,955
	<u>3,908,512,671</u>	<u>3,292,556,995</u>

As at 31 December 2017, other payables of RMB 1,742,036,695 (31 December 2016: RMB 1,076,042,535) aged over one year mainly represent (1) construction and equipment payable, and project warranty payable, that have not been settled because the related projects have not completed their final inspection or are still within their warranty periods; and (2) State Oceanic Administration penalty payable, that has not been settled because judicial proceedings related to the penalty have not completed.

(31) Current portion of non-current liabilities

	31 December 2017	31 December 2016
Long-term borrowings due within one year (a) (Note IV(33))	1,445,497,943	990,474,807
Debentures payable due within one year (b) (Note IV(34))	1,197,935,476	-
Long-term payables due within one year (c) (Note IV(35))	369,256,941	443,169,716
	<u>3,012,690,360</u>	<u>1,433,644,523</u>

(a) Long-term borrowings due within one year

Item	31 December 2017	31 December 2016
Pledged loan (i)	209,579,575	184,196,290
Guaranteed loan (ii)	58,427,500	58,427,500
Credit loan	1,177,490,868	747,851,017
	<u>1,445,497,943</u>	<u>990,474,807</u>

(i) As at 31 December 2017, the charge right for electricity and accounts receivable were treated as pledge for long-term borrowings due within one year for the following subsidiaries:

	31 December 2017	31 December 2016
Yuejiang Power	180,897,292	105,353,210
Zhanjiang Wind Power	17,520,000	17,520,000
Xuwen Wind Power	10,062,668	61,323,080

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Leizhou Wind Power	1,099,615	-
	209,579,575	184,196,290

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IV Notes to the consolidated financial statements (Cont'd)

(31) Current portion of non-current liabilities (Cont'd)

(a) Long-term borrowings due within one year (Cont'd)

(ii) As at 31 December 2017, Zhanjiang Wind Power provided maximum amount guarantee for Xuwen Wind Power's long-term borrowings of RMB 10,427,500 (31 December 2016: RMB 10,427,500) due within one year. The Company provided joint and several guarantee for Yuejiang Power's long-term borrowings of RMB 48,000,000 (31 December 2016: RMB 48,000,000) due within one year.

(iii) As at 31 December 2017, the annual interest rate of long-term borrowings due within one year range from 1.29% to 4.90% (31 December 2016: from 1.29% to 5.31%). The borrowings will be due within 12 months.

(b) Details of debentures payable due within one year are disclosed in Note IV(34).

(c) Long-term payables due within one year

As at 31 December 2017, long-term payables due within one year were the net financing lease payable of RMB 369,256,941 (namely, the remaining net amount of the total amount of RMB 403,242,457 after deducting the unrecognised finance charge of RMB 33,985,516). As at 31 December 2016, long-term payables due within one year were the net financing lease payable of RMB 443,169,716 (namely, the remaining net amount of the total amount of RMB 557,802,821 after deducting the unrecognised finance charge of RMB 114,633,105).

As at 31 December 2017, details of long-term payables due within one year have been disclosed in Note VI(35).

(32) Other non-current liabilities

	31 December 2017	31 December 2016
Short-term debentures payable	-	1,723,070,000

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IV Notes to the consolidated financial statements (Cont'd)

(32) Other current liabilities (Cont'd)

(a) Related information of short-term debentures payable are as follows:

	Face value	Issuance date	Maturity period	Issuance amounts	31 December 2016	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayments for the year	31 December 2017
First batch of short-term financing notes issued by Guangdong Electric Power Development Co., Ltd., 2016	700,000,000	07/06/2016	270 days	700,000,000	711,565,644	-	3,448,219	-	(715,013,863)	-
Second batch of short-term financing notes issued by Guangdong Electric Power Development Co., Ltd., 2016	500,000,000	11/08/2016	270 days	500,000,000	505,017,370	-	4,453,699	-	(509,471,069)	-
First batch of short-term financing notes issued by Guangdong Huizhou Pinghai Power Plant in 2016	500,000,000	20/07/2016	270 days	500,000,000	506,486,986	-	4,128,082	-	(510,615,068)	-
	<u>1,700,000,000</u>			<u>1,700,000,000</u>	<u>1,723,070,000</u>	<u>-</u>	<u>12,030,000</u>	<u>-</u>	<u>(1,735,100,000)</u>	<u>-</u>

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IV Notes to the consolidated financial statements (Cont'd)

(33) Long-term borrowings

	31 December 2017	31 December 2016
Pledge loan (a)	2,698,978,707	2,537,296,396
Loan secured by mortgages (b)	85,000,000	226,400,000
Guaranteed loan (c)	1,665,240,000	1,716,667,500
Credit loan	16,462,003,105	16,398,282,948
	<u>20,911,221,812</u>	<u>20,878,646,844</u>
Less: Long-term borrowings due within one year (Note IV(31)(a))	(1,445,497,943)	(990,474,807)
	<u>19,465,723,869</u>	<u>19,888,172,037</u>

- (a) As at 31 December 2017, the long-term pledge loan of the following subsidiaries were secured by the future revenue from power generation and accounts receivable.

		31 December 2017	31 December 2016
Yuejiang Power	(i)	2,276,504,889	2,223,720,000
Leizhou Wind Power	(ii)	188,420,594	-
Zhanjiang Wind Power	(iii)	156,465,000	173,985,000
Xuwen Wind Power	(iv)	77,588,224	139,591,396
		<u>2,698,978,707</u>	<u>2,537,296,396</u>

- (i) As at 31 December 2017, the Company's subsidiary Yuejiang Power borrowed RMB 2,276,504,889 from bank consortium and the Industrial and Commercial Bank of China, secured by Yuejiang Power's right to charge electricity. The maturity date is on 21 June 2020 and the annual interest rate ranges from 4.41% to 4.53%. The borrowings include long-term borrowings due within one year amounting to RMB 180,897,292 (2016: Totally RMB 2,223,720,000, including long-term borrowings due within one year amounting to RMB 105,353,210).
- (ii) As at 31 December 2017, the Company's subsidiary Leizhou Wind Power borrowed RMB 188,420,594 from the Industrial and Commercial Bank of China, secured by Leizhou Wind Power's right for revenue of electricity charge. The maturity date is on 29 April 2030 and the annual interest rate ranges from 4.41% to 4.66%. The borrowings include the long-term borrowings due within one year amounting to RMB 1,099,615, which was changed from credit loan to pledge loan in accordance with the contract, since the company became officially under operation in December 2017. (the credit loan for the year ended 31 December 2016 was RMB 12,300,209).

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IV Notes to the consolidated financial statements (Cont'd)

(33) Long-term borrowings (Cont'd)

(a) Long-term pledge loan (Cont'd)

(iii) As at 31 December 2017, the Company's subsidiary Zhanjiang Wind Power borrowed RMB 156,465,000 from the Industrial and Commercial Bank of China, secured by Zhanjiang Wind Power's right for revenue of electricity charge. The maturity date is on 7 May 2024 and the annual interest rate is 4.66% (2016: 4.41%). The borrowings include long-term borrowings due within one year amounting to RMB 17,520,000 (2016: RMB 173,985,000, including a long-term borrowings due within one year amounting to RMB 17,520,000).

(iv) Based on the *Loan Transfer Agreement of Yudean Yongshi Wind Power Project for Loan Protocol under the Climate Change Framework of European Investment Banks between Zhanjiang Wind Power and Department of Finance of Guangdong Province*, the Company's subsidiary Zhanjiang Wind Power acquired an USD loan transferred from the Loan Protocol under 'Chinese Climate Change Framework' between China and European investment banks. The loan has been used on Xuwen Yongshi Wind Power project and is secured by Xuwen Wind Power's right for revenue of electricity charge. As at 31 December 2017, the balance of the loan above was totalled at USD 11,874,173 (equivalent to RMB 77,588,224) (2016: USD 20,122,733 (equivalent to RMB 139,591,396)), among which balance of the long-term borrowings due within one year amounted to USD 1,540,000 (equivalent to RMB 10,062,668) (2016: USD 8,840,000 (equivalent to RMB 61,323,080)). The maturity date of the loan is 2 March 2029 with the annual interest rate from 0.92% to 1.29% (2016: from 0.92% to 1.29%). Meanwhile the loans are guaranteed by the Company.

(b) As at 31 December 2017, long-term borrowings of RMB 85,000,000 (31 December 2016: RMB 226,400,000) of Shenzhen Guangqian Electric Co., Ltd ("Guangqian Electric") was secured by power generation equipment with a carrying amount of RMB 757,878,678 and a cost of RMB 2,562,570,238) (31 December 2016: a carrying amount of RMB 816,058,138 and a cost of RMB 2,562,570,238). The annual interest rate of the loan is from 4.41% to 4.86% (31 December 2016: from 4.41% to 5.09%).

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IV Notes to the consolidated financial statements (Cont'd)

(33) Long-term borrowings (Cont'd)

- (c) As at 31 December 2017, the balance of the Company's subsidiary Xuwen Wind Power's long-term borrowings from Yudean Finance was RMB 37,200,000, including long-term borrowings due within one year of RMB 7,400,000, which was secured by the guarantee provided by Zhanjiang Wind Power (2016: RMB 44,600,000, including long-term borrowings due within one year amounted to RMB 7,400,000). The annual interest rate of the loan is 4.66% (2016: 4.66%), and the maturity date is on 21 August 2022.

As at 31 December 2017, the balance of the Company's subsidiary Xuwen Wind Power's long-term borrowings from Yudean Finance was RMB 19,000,000, which was secured by the guarantee provided by Zhanjiang Wind Power (2016: RMB 12,000,000). The annual interest rate of the loan is 4.66% (2016: 4.66%), and the maturity date is on 28 November 2031.

As at 31 December 2017, the balance of the Company's subsidiary Xuwen Wind Power's long-term loan from Bank of Communications Co., Ltd. was RMB 17,040,000, including long-term borrowings due within one year of RMB 3,027,500, which was secured by the guarantee provided by Zhanjiang Wind Power (2016: RMB 20,067,500, including long-term borrowings due within one year amounted to RMB 3,027,500). The annual interest rate of the loan is 4.90% (2016: 4.90%), and the maturity date is on 5 December 2022.

As at 31 December 2017, Yudean provided guarantee for the Company's long-term loan of RMB 1,500,000,000 (2016: RMB 1,500,000,000) from Pacific Investment Management. The interest rate of the loan is 5.00% (2016: 5.00%), and the maturity date is on 13 August 2020 (Note VIII(5)(c)).

As at 31 December 2017, the long-term borrowings of the Company's subsidiary Yuejiang Power amounting to RMB 92,000,000 were secured by the guarantee provided by the Company based on its proportion of shareholding. The balance of the long-term borrowings due within one year included in the loan amounts to RMB 48,000,000 (31 December 2016: RMB 140,000,000, among which balance of long-term borrowings due within one year was RMB 48,000,000). The interest rate of the loan is 4.75% (2016: 4.90%), with the maturity date on 2 July 2019.

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IV Notes to the consolidated financial statements (Cont'd)

(34) Debentures payable

	31 December 2016	Interests at face value	Amortisation of discounts or premium	Other decrease	Transfer to current portion of non-current liabilities during the year	31 December 2017
16 Pinghai Bond 01 (a)	703,141,849	(21,700,000)	(793,211)	27,466,849	-	698,168,211
12 Yudean Bond (b)	1,196,982,619	(59,400,000)	(952,857)	59,400,000	1,197,935,476	-
	<u>1,900,124,468</u>	<u>(81,100,000)</u>	<u>(1,746,068)</u>	<u>86,866,849</u>	<u>1,197,935,476</u>	<u>698,168,211</u>

- (a) As approved by CSRC Circular SFC License [2016] No. 1864, the Company's subsidiary Guangdong Huizhou Pinghai Power Plant Co., Ltd ("Pinghai Power") issued 5-year book-entry corporate debentures in real-name system with face value of RMB 700,000,000 ("16 Pinghai 01") to the public on 26 September 2016. The Company altogether raised RMB 697,375,000 after deducting an issue expense of RMB 2,625,000. The loan is subject to an annual interest rate of 3.10% counted from 26 September 2016 and should be payable annually on simple interest. As at 31 December 2017, debentures payable were measured at amortised cost using effective interest method, with the effective interest rate of 3.18%.
- (b) As approved by CSRC Circular SFC License [2012] No. 1421, the Company issued 7-year book-entry corporate debentures in real-name system with face value of RMB 1,200,000,000 ("12 Yudean Bond") to the public in 18 March 2013. The Company altogether raised RMB 1,193,330,000 after deducting an issue expense of RMB 6,670,000. The loan is subject to an annual interest rate of 4.95% counted from 18 March 2013 and should be payable annually on simple interest. After a maturity period of 5 years, the bondholder is entitled to sell the "12 Yudean Bond" held back to the company at full/part amount of its face value within the backsell declaration period for investors. The Company will transfer out the balance of debentures payable to current portion of non-current liabilities. As at 31 December 2017, debentures payable were measured at amortised cost using effective interest method, with the effective interest rate of 5.04%.

(35) Long-term payables

	31 December 2017	31 December 2016
Sales and leaseback and other payables (a)	1,827,516,182	2,270,722,370
Payables for share repurchase (b)	<u>90,000,000</u>	<u>90,000,000</u>
Less: Current portion of long-term payables	<u>(369,256,941)</u>	<u>(443,169,716)</u>
	<u>1,548,259,241</u>	<u>1,917,552,654</u>

- (a) The finance lease payable is mainly the balance of minimum lease payment less unrecognised finance charge for power generation equipment by subsidiaries - Jinghai Power, Yuejiang Power and Zhongyue Energy. The Company provided guarantee for Yuejiang Power's finance lease up to 65% of total amount of the finance lease and signed a counter guarantee contract with Yuejiang Power.

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IV Notes to the consolidated financial statements (Cont'd)

(35) Long-term payables (Cont'd)

(a) (Cont'd)

The Group's minimum finance lease payments are as follows:

<u>Minimum finance lease payments</u>	31 December 2017	31 December 2016
Within 1 year (inclusive)	403,242,457	557,802,821
Over 1 year but within 2 years (inclusive)	373,429,119	459,467,904
Over 2 years but within 3 years (inclusive)	353,810,789	422,733,636
Over 3 years	761,447,305	1,267,888,524
Sub-total	<u>1,891,929,670</u>	<u>2,707,892,885</u>
Less: Unrecognised financial expense	(64,413,488)	(437,170,515)
	<u>1,827,516,182</u>	<u>2,270,722,370</u>

The above finance lease payable due within one year less unrecognised finance charge is listed in Note IV(31).

- (b) In 2016, the share repurchase payables are: Guangdong Yuecai Investment Management Co., Ltd ("Yuecai Investment") increasing capital of RMB 10,000,000 in the Company's subsidiary Guangdong Yudean Leizhou Wind Power Co., Ltd ("Leizhou Wind Power"), increasing capital of RMB 50,000,000 in the Company's subsidiary Dianbai Wind Power; and acquiring 30% stake in the Company's holding subsidiary Xuwen Wind Power at a consideration of RMB 30,000,000. According to the agreement, the Company shall repurchase the shares held by Yuecai Investment after the five-year equity participation, and the price of repurchase shall equals to Yuecai Investment's actual amount of contribution of RMB 90,000,000 in the capital injection and the fixed rate equity premium.

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IV Notes to the consolidated financial statements (Cont'd)

(36) Payables for specific projects

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Supporting funds for expansion (a)	24,960,000	-	-	24,960,000
Supply of water, electricity and heat and property management (b)	-	39,645,011	-	39,645,011
Relocation and construction of wind power plant	1,715,385	-	1,715,385	-
	<u>26,675,385</u>	<u>39,645,011</u>	<u>1,715,385</u>	<u>64,605,011</u>

(a) The payables for specific project represent the fund granted for benefits improvement and capacity expansion by governments at provincial and central level. According to the document issued by Yunnan Water Conservancy & Hydropower Investment Co., Ltd. (Yun Shui Tou Fa [2015] No. 16), such payables for specific project were subject to an interest rate of 4% from 1 January 2015. The corresponding interest was recorded in financial expenses by the Company.

(b) Such payables for specific project represent the fund for separated hand-over of supply of water, electricity and heat and property management, which was allocated by the Department of Finance of Guangdong Province and Yudean, including RMB 18,391,895 from the Department of Finance of Guangdong Province and RMB 21,253,116 from Yudean. According to the document issued by Department of Finance of Guangdong Province (Yue Cai Gong [2017] No. 222), the Department allocated subsidies for necessary renovation and reconstruction of the supply of water, electricity and heat and property management in employees' family area charged by provincial enterprises before the separated hand-over.

(37) Deferred income

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017	Source
Government grants (a)	<u>125,650,072</u>	<u>33,592,900</u>	<u>(16,722,709)</u>	<u>142,520,263</u>	Grants provided by government

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IV Notes to the consolidated financial statements (Cont'd)

(37) Deferred income (Cont'd)

(a) Government grants

Government grants	Note	31 December 2016	Increase in the current year	Decrease in the current year		31 December 2017	Asset related/Income related
				Recorded in other income	Other movements		
Shajiao A Zhenkou pump house	(i)	29,313,253	-	(753,231)	-	28,560,022	ASSETS
Energy saving funds	(ii)	23,736,827	-	(2,873,723)	-	20,863,104	ASSETS
Tax refund for PRC-made equipment	(iii)	19,517,767	-	(2,296,208)	-	17,221,559	ASSETS
Development and competitiveness funds from SASAC	(iv)	9,333,333	-	(666,667)	-	8,666,666	ASSETS
Incentives for energy efficiency of power plant by Dongguan city	(v)	9,324,825	-	(543,194)	-	8,781,631	ASSETS
5# generation set of desulfurization project		6,153,847	-	(3,076,923)	-	3,076,924	ASSETS
Expansion on flow reconstruction project		4,149,062	-	(262,007)	-	3,887,055	ASSETS
Sha A – 2016 central finance energy saving fund		4,038,125	-	(255,001)	-	3,783,124	ASSETS
Refurbishment on air preheater		3,299,233	-	(205,791)	-	3,093,442	ASSETS
Dianbai Reshui wind power plant project		3,000,000	-	-	-	3,000,000	ASSETS
Special prize funds of recycle economy and energy saving by Shenzhen city		2,953,988	-	(246,667)	-	2,707,321	ASSETS
Denitration project		2,893,163	-	(308,134)	-	2,585,029	ASSETS
2016 Provincial industry and information development special fund for technological transformation of enterprises		1,500,000	-	-	(1,500,000)	-	ASSETS
Special funds for differential electricity price		1,318,000	-	(291,114)	-	1,026,886	ASSETS
Water-freshing project		1,230,770	-	(153,846)	-	1,076,924	ASSETS
Special prize funds of recycle economy and energy saving by Shaoguan city		1,125,999	-	(202,103)	-	923,896	ASSETS
Circulating water pump special fund for technological renovation		1,000,000	-	-	-	1,000,000	ASSETS
1&2# Air preheater energy saving project		1,000,000	-	-	-	1,000,000	ASSETS
Development fund for Dayakou Project		400,000	-	(400,000)	-	-	ASSETS
Sha A – Return of port dues		259,510	-	(259,510)	-	-	ASSETS
Social security treatment clearing account relating to firm's stable position subsidy		102,370	-	-	-	102,370	Income

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Comprehensive technology upgrading for the energy saving of 1&2# generator units turbine (vi)	-	10,000,000	-	-	10,000,000	ASSETS
Second incentives for comprehensive and typical demonstration projects under financial policies of energy saving	-	9,000,000	(900,000)	-	8,100,000	ASSETS
Energy saving funds used as policy liquidation subsidies in previous years	-	4,640,000	(474,769)	-	4,165,231	ASSETS
Government subsidies from the financial treasury payment centre of Qujiang District, Shaoguan	-	3,952,900	(384,521)	-	3,568,379	ASSETS
Specific funds for denitrification and energy saving reconstruction of 300MW generator units.	-	6,000,000	(669,300)	-	5,330,700	ASSETS
	<u>125,650,072</u>	<u>33,592,900</u>	<u>(15,222,709)</u>	<u>(1,500,000)</u>	<u>142,520,263</u>	

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IV Notes to the consolidated financial statements (Cont'd)

(37) Deferred income (Cont'd)

(a) Government grants (Cont'd)

- (i) In 2015, as required by the local government, the pump house of Shajiao A located in Changdi Road, Dianchang town, was required to remove, relocate and reconstruct with provisional estimation of compensation amounting to RMB 20,320,000. On 9 October 2016, since the Humen government finally confirmed total compensation of RMB 30,411,446, the newly added compensation for removal and reconstruction this year was RMB 7,211,446, which shall be disclosed under payables for specific projects on receipt of the amount, transferred into deferred income when expenditures for removal and reconstruction incur, and amortized upon completion of relevant construction over 30 years.
- (ii) This represents the energy-saving funds received by Yuejiang Power for reform of energy saving and emission reduction technology in 2015, and assistance fund received in 2016 for representative demonstration project under the energy saving and emission reduction policy. It is amortised over the estimated useful lives of 13 years from the completion date of the project.
- (iii) This represents the value-added tax refunded for purchase of PRC-produced equipment received by Shibeishan. It is amortised over the estimated useful lives of 13 years from the completion date of the project.
- (iv) This represents the reform and development fund received by Zhanjiang Wind Power in 2011 in relation to Yongshi Wind Project. The Group amortises the fund during the income period of the project on an average basis.
- (v) This represents the No.1918, No.1692 and No.1794 incentives of energy efficiency of power plant of Dongguan city received by Shajiao A in 2014, 2015 and 2016 respectively. It is amortised over the estimated useful lives of 13 years from the completion date of the project.
- (vi) This presents the government grants (first batch) received by Zhongyue Energy in Zhanjiang in 2017 from the investment plan under the central budget (2017) in priority projects of resource conservation and recycling. The subsidy is used for the comprehensive energy saving technology upgrading project of the turbines of Zhongyue Energy's 1&2 # generator units. As at 31 December 2017, the technology upgrading project for such generator units was yet to be accomplished and transferred to fixed assets. The Group expects that the government grants will be amortised on the straight-line basis over the estimated useful lives of assets after the completion of the project.

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IV Notes to the consolidated financial statements (Cont'd)

(38) Long-term employee benefits payable

	31 December 2017	31 December 2016
Termination benefits (a)	75,609,880	106,185,517
Other long-term employee benefits payable (b)	39,097,210	40,345,908
Less: The current portion to be paid	(23,084,183)	(23,699,176)
	91,622,907	122,832,249

The employee benefits payable within one year are included in employee benefits payable.

Some employees of the Group have taken early retirement. As at the balance sheet date, the main actuarial assumptions used in estimating the obligation arising from the early retirement benefits are as follows:

	31 December 2017	31 December 2016
Discount rates	4.22%	2.70% - 4.27%

Early retirement benefits recognised in profit or loss for the current period:

	2017	2016
General and administrative expenses (c)	(46,790,029)	78,442,638
Financial expenses	118,849	93,078

- (a) According to the Group's regulations for internal retirement of employees, the employees can apply for early retirement before statutory retirement age. Employees can obtain salary on a monthly basis by a certain ratio of the original salary until they reach the statutory retirement age. Management expects the termination benefits to be paid in the future are determined by the present value of cash flow, when accrued the above termination benefits. As at 31 December 2017, the Group calculated the expected expense for each employee eligible for early retirement in each year before the statutory retirement age in accordance with the related regulations for internal retirement and estimated the present value of future termination benefits by treasury bond interest rate of 4.22% (2016: 2.70% to 4.27%) of the same period. As at 31 December 2017 the Group transferred the termination benefits of RMB 57,972,834 (31 December 2016: RMB 88,057,393) due over one year into long-term employee benefits payable. Termination benefit due within one year totalled at RMB 17,637,046 (31 December 2016: RMB 18,128,124) are recognised in employee benefits payable.

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IV Notes to the consolidated financial statements (Cont'd)

(38) Long-term employee benefits payable (Cont'd)

- (b) According to relevant regulations on social medical insurance in places where the subsidiaries of the Company and the Group locate, individual participating basic medical insurance for urban residents shall continue to make contribution until he reaches the regulated contribution years after he reaches the statutory retirement age, if his accumulated contribution years do not satisfy the local regulations. The expected present values of cash flows that shall be paid for medical insurance after the retirement of employees till prescribed terms are recognised as long-term employee benefits payable and recorded in profit or loss for the period or cost of relevant assets. As at 31 December 2017, the balance of the Group's other long-term employee benefits payable was mainly the additional payment of medical insurance made for retired employees. The Group calculated, based on a certain ratio of the original salary, the expected expense for each employee in each year from the end of current year to the prescribed accumulated payment years and estimated the future present value of cash payment for the medical insurance of related retired employees by treasury bond interest rate of 4.22% (2016: 2.70% to 4.27%) in the same period. As at 31 December 2017, other long-term employee benefits payable totalled at RMB 39,097,210 (31 December 2016: RMB 40,345,908), and the other long-term employee benefits payable due within one year amounted to RMB 5,447,137 (31 December 2016: RMB 5,571,052) charged into employee benefits payable.
- (c) In 2017, the Group lowered the remuneration standards for internal retirement, hence reduced the cash disbursement of predicted future termination benefits, and accordingly decreased administrative expenses amounting to RMB 77,146,950 during this year.

(39) Other non-current liabilities

	31 December 2017	31 December 2016
Capital injection	<u>16,405,569</u>	<u>39,000,000</u>

As at 31 December 2017 and 2016, the Group's other non-current liabilities represented the capital injection received by Yuejiang Power from minority shareholders. However, such capital injection was recorded as other non-current liabilities as the registration for changes of business license has not been completed.

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IV Notes to the consolidated financial statements (Cont'd)

(40) Share capital

	31 December 2016	Movements for the current year					31 December 2017
		Issuance of new shares	Bonus share	Housing fund transferred to shares	Others	Sub-total	
Shares subject to trading restriction:							
- Shares held by domestic state-owned legal person	1,893,342,621	-	-	-	-	-	1,893,342,621
- Other domestic shares							
Including: Shares held by domestic non-state-owned legal person	4,620,666	-	-	-	-	-	4,620,666
Shares held by domestic natural person	3,536	-	-	-	-	-	3,536
Shares not subject to trading restriction							
- RMB-dominated ordinary shares	2,553,909,163	-	-	-	-	-	2,553,909,163
- Domestically-listed foreign shares	798,408,000	-	-	-	-	-	798,408,000
	<u>5,250,283,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,250,283,986</u>

	31 December 2015	Movements for the current year					31 December 2016
		Issuance of new shares	Bonus share	Housing fund transferred to shares	Others	Sub-total	
Shares subject to trading restriction:							
- Shares held by domestic state-owned legal person	1,893,342,621	-	-	-	-	-	1,893,342,621
- Other domestic shares							

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Including: Shares held by domestic non-state-owned legal person	4,620,666	-	-	-	-	-	4,620,666
Shares held by domestic natural person	3,536	-	-	-	-	-	3,536
Shares not subject to trading restriction							
- RMB-dominated ordinary shares	2,553,909,163	-	-	-	-	-	2,553,909,163
- Domestically-listed foreign shares	798,408,000	-	-	-	-	-	798,408,000
	<u>5,250,283,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,250,283,986</u>

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IV Notes to the consolidated financial statements (Cont'd)

(41) Capital surplus

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017
Share premium	4,445,477,866	-	-	4,445,477,866
Revaluation reserve	119,593,718	-	-	119,593,718
Investment from Yudean	395,000,000	-	-	395,000,000
Share of interest in the investee based on shareholding	20,785,182	-	-	20,785,182
Transfer of capital surplus recognised under previous accounting system	20,474,592	-	-	20,474,592
Others	1,676,120	1,243,207	-	2,919,327
	<u>5,003,007,478</u>	<u>1,243,207</u>	<u>-</u>	<u>5,004,250,685</u>
	31 December 2015	Increase in the current year	Decrease in the current year	31 December 2016
Capital premium	4,445,477,866	-	-	4,445,477,866
Revaluation reserve	119,593,718	-	-	119,593,718
Investment from Yudean	395,000,000	-	-	395,000,000
Share of interest in the investee based on shareholding	24,876,079	-	(4,090,897)	20,785,182
Transfer of capital surplus recognised under previous accounting system	20,474,592	-	-	20,474,592
Others	1,654,903	21,217	-	1,676,120
	<u>5,007,077,158</u>	<u>21,217</u>	<u>(4,090,897)</u>	<u>5,003,007,478</u>

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IV Notes to the consolidated financial statements (Cont'd)

(42) Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in income statement for the year ended 31 December 2017				
	31 December 2016	Attributable to the parent company after tax	31 December 2017	Accruals before income tax in the current year	Less: Amounts previously recognised in other comprehensive income transferred out in the current year	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax
Other comprehensive income that will be subsequently reclassified to profit or loss								
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss	21,753,244	-	21,753,244	-	-	-	-	-
Gains or losses arising from changes in fair value of available-for-sale financial assets	123,305,771	(8,057,492)	115,248,279	(10,743,323)	-	2,685,831	(8,057,492)	-
	145,059,015	(8,057,492)	137,001,523	(10,743,323)	-	2,685,831	(8,057,492)	-
	Other comprehensive income in the balance sheet			Other comprehensive income in income statement for the year ended 31 December 2016				
	31 December 2015	Attributable to the parent company after tax	31 December 2016	Accruals before income tax in the current year	Less: Amounts previously recognised in other comprehensive income transfer out in the current year	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax
Other comprehensive income that will be subsequently reclassified to profit or loss								
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or	22,192,308	(439,064)	21,753,244	(439,064)	-	-	(439,064)	-

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loss								
Gains or losses arising from changes in fair value								
of available-for-sale financial assets	223,516,407 (100,210,636)	123,305,771	(133,614,180)	-	33,403,544	(100,210,636)	-	
	245,708,715 (100,649,700)	145,059,015	(134,053,244)	-	33,403,544	(100,649,700)	-	

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IV Notes to the consolidated financial statements (Cont'd)**(43) Surplus reserve**

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017
Statutory surplus reserve	2,428,747,208	212,960,545	-	2,641,707,753
Discretionary surplus reserve	4,416,254,610	532,401,361	-	4,948,655,971
	<u>6,845,001,818</u>	<u>745,361,906</u>	<u>-</u>	<u>7,590,363,724</u>
	31 December 2015	Increase in the current year	Decrease in the current year	31 December 2016
Statutory surplus reserve	2,133,658,624	295,088,584	-	2,428,747,208
Discretionary surplus reserve	3,678,533,151	737,721,459	-	4,416,254,610
	<u>5,812,191,775</u>	<u>1,032,810,043</u>	<u>-</u>	<u>6,845,001,818</u>

In accordance with the *Company Law* and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The surplus reserves can be used to cover the loss or increase the share capital upon approval.

According to the resolution at the shareholders' meeting dated 7 May 2017, the Company appropriated 10% of net profit for 2016, amounting to RMB 212,960,545 (2016: 10% of net profit for 2015, amounting to RMB 295,088,584) to the statutory surplus reserves. Meanwhile, the Company appropriated 25% of net profit for 2016, amounting to RMB 532,401,361 (2016: 25% of net profit for 2015, amounting to RMB 737,721,459) to discretionary surplus reserves.

(44) Undistributed profits

	2017	2016
Undistributed profits at the beginning of the year	6,135,494,928	7,439,335,347
Add: Net profit attributable to equity owners of the company	743,180,431	936,534,941
Less: Appropriation to statutory surplus Reserve (Note IV(43))	(212,960,545)	(295,088,584)
Appropriation to discretionary surplus Reserve (Note IV(43))	(532,401,361)	(737,721,459)
Dividends payable on ordinary shares (a)	(420,022,718)	(1,207,565,317)
Undistributed profits at end of year	<u>5,713,290,735</u>	<u>6,135,494,928</u>

- (a) In accordance with the resolution at the Board of Shareholders' meeting dated 7 May 2017, the Company proposed a cash dividend to the shareholders at RMB 0.8 per 10 shares, amounting to RMB 420,022,718 calculated by 5,250,283,986 issued shares.

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IV Notes to the consolidated financial statements (Cont'd)

(44) Undistributed profits (Cont'd)

(b) Undistributed profits at the end of the year

The surplus reserves attributable to the parent company appropriated by subsidiaries this year were RMB 102,706,924 (2016: RMB 170,679,326).

As at 31 December 2017, the undistributed profits attributable to the parent company included an appropriation of RMB 2,223,884,635 (31 December 2016: RMB 2,178,241,202) to surplus reserves made by the Company's subsidiaries.

(45) Revenue and cost of sales

	2017	2016
Revenue from main operations	26,393,153,579	22,522,639,179
Revenue from other operations	250,638,478	158,480,843
	<u>26,643,792,057</u>	<u>22,681,120,022</u>

	2017	2016
Cost of sales from main operations	23,277,935,709	17,750,728,050
Cost of sales from other operations	14,352,960	42,898,332
	<u>23,292,288,669</u>	<u>17,793,626,382</u>

(a) Revenue and cost of sales from main operations:

	2017		2016	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Revenue from sales of electricity	26,250,079,293	23,156,713,366	22,342,322,648	17,642,493,659
Revenue from steam	93,907,579	77,158,338	69,753,251	53,336,133
Rendering of services	49,166,707	107,147,095	110,563,280	54,898,258
	<u>26,393,153,579</u>	<u>23,277,935,709</u>	<u>22,522,639,179</u>	<u>17,750,728,050</u>

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IV Notes to the consolidated financial statements (Cont'd)

(45) Revenue and cost of sales (Cont'd)

(b) Revenue and cost of sales from other operations

	2017		2016	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Revenue from integrated utilisation of coal ash	203,698,123	8,004,336	65,549,708	17,272,560
Rental income	14,691,747	22,008	9,538,280	259,375
Revenue from sales of materials	3,228,908	358,995	58,627,109	23,421,697
Revenue from sales of certified emission reduction (CER)	-	-	164,291	-
Others	29,019,700	5,967,621	24,601,455	1,944,700
	<u>250,638,478</u>	<u>14,352,960</u>	<u>158,480,843</u>	<u>42,898,332</u>

Information for revenue, cost of sales, and profit from main operating activities are included in segment reporting.

(46) Taxes and surcharges

	2017	2016	Tax base
City maintenance and construction tax	73,168,035	104,255,132	Note III
Real estate tax	69,109,064	57,974,658	Note III
Educational surcharge	58,982,876	87,152,497	Note III
Land use tax	24,793,681	37,827,914	
Stamp tax	17,479,308	10,275,621	
Vehicle and vessel use tax	336,680	258,209	
Business tax	2,800	1,388,194	
Others	-	558,741	
	<u>243,872,444</u>	<u>299,690,966</u>	

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IV Notes to the consolidated financial statements (Cont'd)

(47) General and administrative expenses

	2017	2016
Labour cost	238,192,466	328,629,069
Labour insurance	47,896,800	58,979,822
Amortisation of intangible assets	53,133,360	52,578,628
Depreciation expenses (IV(11), IV(12))	47,623,507	43,273,685
Fire safety expenses	40,578,207	42,250,964
Property management expenses	26,750,517	29,369,214
Agency fee	22,951,448	10,968,815
Office expenses	21,491,527	22,661,698
Sewage charges	21,401,263	21,729,363
Research and development expenses	16,980,873	15,362,442
Rental expenses	12,304,808	12,357,658
Afforestation fee	11,909,733	13,988,006
Traffic expenses	8,992,751	10,283,874
Maintenance cost	8,483,661	16,456,262
Labour costs	4,284,878	5,271,885
Travelling expenses	6,817,094	6,494,572
Entertainment expense	4,505,193	5,151,228
Insurance expenses	2,874,227	3,555,224
Expenses on board meetings	640,032	762,295
Embankment fee	578,439	8,451,791
Taxation	-	18,086,180
Others	56,607,341	49,217,348
	654,998,125	775,880,023

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IV Notes to the consolidated financial statements (Cont'd)

(48) Financial expenses

	2017	2016
Interest of debentures	93,130,000	120,893,956
Interest expenses	1,267,471,049	1,326,829,002
Less: Capitalised interest	(115,040,638)	(171,903,394)
Sub-total of interest expenses	1,245,560,411	1,275,819,564
Interest expenses of discounted notes	14,534,341	34,408,880
Amortisation of long-term debentures (Note IV(34))	1,746,068	952,857
Less: Interest income	(65,153,386)	(68,416,457)
Exchange (gains)/losses - net	(4,702,846)	10,835,311
Amortisation of unrecognised finance charge	83,103,789	105,231,373
Bank charges and others	4,167,164	10,866,650
	1,279,255,541	1,369,698,178

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IV Notes to the consolidated financial statements (Cont'd)

(49) Asset impairment losses

	2017	2016
Impairment losses of construction in progress	90,837,779	51,087,328
Impairment losses of fixed assets	29,483,080	707,243,955
Impairment losses of financial assets held for sale	25,010,686	-
Bad debts provision	422,829	58,407
Reversal of decline in the value of inventories	-	(119,561)
	<u>145,754,374</u>	<u>758,270,129</u>

(50) Investment income

	2017	2016
Gains from long-term equity investments under equity method	436,407,642	290,956,937
Investment income obtained from available-for-sale financial assets during the holding period	52,319,444	50,151,450
Others	359,463	256,276
	<u>489,086,549</u>	<u>341,364,663</u>

The Group obtains returns from investment without any significant restrictions.

(51) Gains on disposals of assets

	2017	2016	Amount recognised in non-recurring profit or loss in 2017
Losses on disposal of fixed assets	<u>4,720,404</u>	<u>3,723,321</u>	<u>4,720,404</u>

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IV Notes to the consolidated financial statements (Cont'd)

(52) Other income

	2017	2016	Asset related/ Income related
Special fund of provincial industrialisation and informatisation development (2017) for technological upgrading of enterprises	18,595,400	-	Income
Revenue from timely levy and refund of VAT	9,873,727	-	Income
Shajiao A 5# generation set of desulfurization project	3,076,923	-	Assets
Energy saving funds	2,873,723	-	Assets
Tax refund for PRC-made equipment	2,296,208	-	Assets
Subsidy from Bureau of Finance of Huidong County for atmospheric pollution control	2,000,000	-	Income
Others	12,156,841	-	Assets and income
	<u>50,872,822</u>	<u>-</u>	

(53) Non-operating income

	2017	2016	Amount recognised in non-recurring profit or loss in 2017
Claims and compensation income	5,223,824	29,433,641	5,223,824
Exemptions of payables	688,329	38,770,319	688,329
Government grants irrelevant to ordinary activities (a)	345,500	27,389,745	345,500
Others	3,207,321	3,649,135	3,207,321
	<u>9,464,974</u>	<u>99,242,840</u>	<u>9,464,974</u>

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IV Notes to the consolidated financial statements (Cont'd)

(53) Non-operating income (Cont'd)

(a) Details of government grants

	2017	2016
Government grants related to assets	-	12,635,896
Other government grants related to assets and directly recorded in income statement:		
2015 incentive compensation for stable growth of industry in Nansha	140,000	-
Revenue from timely levy and refund of VAT	-	8,219,325
Specific fund for energy conservation and emission reduction	-	3,455,583
Subsidy for spot power generation	-	96,323
Others	205,500	2,982,618
	<u>345,500</u>	<u>27,389,745</u>

(54) Non-operating expenses

	2017	2016	Amount recognised in non-recurring profit or loss in 2017
Penalty and overdue fine (a)	7,130,563	208,701,041	7,130,563
Others	2,761,811	4,423,160	2,761,811
	<u>9,892,374</u>	<u>213,124,201</u>	<u>9,892,374</u>

- (a) Penalty and overdue fine in 2016 mainly represents administrative penalty for subsidiary Pinghai Power. Since Pinghai Power implemented engineering and bank revetment project from August 2007 to June 2016 without permission, Administration of Ocean and Fisheries of Guangdong Province issued a penalty notice of approximately RMB 172,144,350 to Pinghai Power on 14 November 2016, recorded as non-operating expenses by the Group. As at 31 December 2017, Pinghai Power has appealed to Guangdong Higher People's Court, but the litigation outcome has not been determined. According to the *Agreement on Purchase of Assets by Issuing Shares* in 2012, Yudean promised that, for any loss incurred from potential significant litigation, arbitration, administrative penalties caused by activities of target company before settlement date and/or other events violating relevant laws and regulations that failed to be reflected in target asset prices and net assets value of the target company determined by specific audit at the settlement day, Yudean will make full cash compensation for the Company at the proportion of target company's equity that has been transferred to the Company in such transaction within 30 days after legally confirming the actual losses caused by such events. In accordance with the result of administrative reconsideration or litigation outcome, Yudean will compensate the Company based on the actual losses mentioned above. As at 31 December 2017, the Group could not confirm the amount of compensation to be received from Yudean, therefore the Group has not yet booked any receivables or income.

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IV Notes to the consolidated financial statements (Cont'd)

(55) Income tax expenses

	2017	2016
Current income tax calculated based on tax law and related regulations	495,956,673	822,940,083
Deferred income tax	(79,467,357)	(204,095,194)
	<u>416,489,316</u>	<u>618,844,889</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is listed below:

	2017	2016
Total profit	1,554,210,475	1,904,907,160
Income tax calculated at applicable tax rates	388,552,619	476,226,790
Effect of preferential tax rates of subsidiaries	(22,615,361)	(10,421,387)
Income not subject to tax	(127,632,250)	(88,678,565)
Costs, expenses and losses not deductible for tax purposes	13,494,284	91,186,106
Deductible losses for which no deferred tax asset was recognised in current period	107,242,635	41,936,503
Temporary differences for which no deferred tax asset was recognised in current period	54,279,872	52,134,316
Utilisation of deductible losses for which no deferred income tax asset was recognised in previous periods	-	(626,778)
Utilisation of deductible temporary differences for which no deferred tax asset was recognised in previous periods	(5,566,961)	(11,273,674)
Effect of other deductible expenses	(4,301,326)	-
Tax filing differences of income tax in prior years	5,963,530	33,989,056
Repayment of income tax of tax inspection	7,072,274	34,372,522
Income tax expenses	<u>416,489,316</u>	<u>618,844,889</u>

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IV Notes to the consolidated financial statements (Cont'd)**(56) Earnings per share****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2017	2016
Consolidated net profit attributable to ordinary shareholders of the parent company	743,180,431	936,534,941
Weighted average number of outstanding ordinary shares of the Company	5,250,283,986	5,250,283,986
Basic earnings per share	<u>0.14</u>	<u>0.18</u>
Including:		
- Basic earnings per share from continuing operations:	0.14	0.18
- Basic earnings per share from discontinued operations	-	-

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. In 2017, there were no dilutive potential ordinary shares (2016: Nil), and hence diluted earnings per share is equal to basic earnings per share.

(57) Expenses by nature

Cost of sales, taxes and surcharges, selling and distribution expenses, general and administrative expenses, financial expenses, and asset impairment losses in the income statement are classified below according to nature:

	2017	2016
Consumed fuel and low value consumables, etc.	17,222,768,104	11,047,651,241
Depreciation and amortisation expenses	3,566,558,755	3,991,792,274
Employee benefits	1,672,491,580	1,844,417,629
Financial expenses	1,279,255,541	1,369,698,178
Repair expenses	902,064,084	970,267,291
Others	818,183,405	998,362,412
Impairment losses on non-current assets	145,331,545	758,331,283
Rental	17,740,135	19,452,535
	<u>25,624,393,149</u>	<u>20,999,972,843</u>

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IV Notes to the consolidated financial statements (Cont'd)

(58) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	2017	2016
Interest income	66,910,733	61,967,997
Government grants	59,495,276	70,933,827
Leasing income	13,425,844	9,538,280
Claims and compensation income	5,223,824	29,433,641
Others	4,241,150	3,649,135
	<u>149,296,827</u>	<u>175,522,880</u>

(b) Other cash paid relating to operating activities

	2017	2016
Insurance expenses	90,337,396	88,916,778
Sewage charges	64,746,917	62,109,458
Fire safety expenses	40,578,207	45,306,772
Traffic expenses	27,060,505	28,119,439
Property management expenses	26,750,517	45,238,089
Office expenses	25,371,981	31,935,916
Agency fee	22,951,448	10,968,815
Utility fees	21,248,782	22,928,170
Rental expenses	17,740,135	19,452,535
Union dues	17,500,027	19,792,653
Research and development expenses	16,980,873	15,362,442
Travelling expenses	11,512,096	11,748,240
Maintenance cost	8,483,661	16,456,262
Entertainment expense	5,830,761	5,177,418
Embankment fee	578,439	8,451,791
Others	89,067,896	44,804,516
	<u>486,739,641</u>	<u>476,769,294</u>

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IV Notes to the consolidated financial statements (Cont'd)

(58) Notes to the cash flow statement (Cont'd)

(c) Cash received relating to other financing activities

	2017	2016
Income from odd lots	42,438	21,217
Amount from Yuecai Investment	-	90,000,000
	42,438	90,021,217

(59) Supplementary information to the cash flow statement

(a) Supplementary information to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	2017	2016
Net profit	1,137,721,159	1,286,062,271
Add: Provisions for asset impairment	145,754,374	758,270,129
Depreciation of fixed assets and investment properties	3,499,814,726	3,936,810,582
Amortisation of intangible assets, long-term prepaid expenses and deferred income	72,988,124	57,962,455
Losses on disposal of fixed assets, intangible assets and other long-term assets	4,720,404	3,723,321
Financial expenses	1,344,945,364	1,427,247,985
Investment income	(489,086,549)	(341,364,663)
Increase in deferred tax	(79,467,357)	(203,813,125)
Increase in inventories	(14,481,532)	(179,379,057)
Increase in operating receivables	(111,321,004)	(446,056,749)
(Decrease)/increase in operating payables	(1,835,553,206)	2,405,312,669
Net cash flows from operating activities	3,676,034,503	8,704,775,818

Net increase/(decrease) in cash and cash equivalents

	2017	2016
Cash at the end of the year	4,996,580,490	5,184,873,650
Less: Cash at the beginning of the year	(5,184,873,650)	(5,227,406,725)
Net decrease in cash and cash equivalents	(188,293,160)	(42,533,075)

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IV Notes to the consolidated financial statements (Cont'd)

(59) Supplementary information to the cash flow statement (Cont'd)

(b) Cash and cash equivalents

	31 December 2017	31 December 2016
Cash on hand	37,745	49,457
Cash at bank that can be readily drawn on demand	4,996,542,745	5,184,824,193
	<u>4,996,580,490</u>	<u>5,184,873,650</u>

(60) Monetary items denominated in foreign currencies

	31 December 2017		
	Balance in foreign currencies	Exchange rate	Balance in RMB
Cash at bank and on hand -			
USD	190	6.5342	1,241
HKD	12,881	0.8359	10,767
			<u>12,008</u>
Long-term borrowings -			
USD	10,334,173	6.5342	67,525,556
EUR	765,397	7.8023	5,971,857
			<u>73,497,413</u>
Current portion of non-current liabilities -			
USD	1,540,000	6.5342	10,062,668
EUR	314,641	7.8023	2,454,923
			<u>12,517,591</u>

V Changes in consolidation scope

Subsidiaries established during the year:

Name of subsidiaries	Major business location	Place of registration	Nature of business	Registered capital	Shareholding (%)	Acquisition method
Tongdao Yuexin Wind Power Co., Ltd. ("Tongdao Company")	Huaihua, Hunan Province	Huaihua, Hunan Province	Electricity generation	10,000,000	100%	Investment
Hunan Xupu Yuefeng New Energy Co., Ltd. ("Xupu Yuefeng")	Huaihua, Hunan Province	Xupu, Huaihua, Hunan Province	Electricity generation	20,000,000	100%	Investment

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Guangxi Yuefeng New Energy Co., Ltd. ("Wuxuan Yuefeng")	Wuxuan New Energy Ltd. ("Wuxuan Yuefeng")	Guangxi Province	Wuxuan, Guangxi Province	Electricity generation	20,000,000	100%	Investment
Huizhou Comprehensive Energy Co., Ltd. ("Pingdian Comprehensive")	Pingdian Comprehensive Co., Ltd. ("Pingdian Comprehensive")	Huizhou	Huizhou	Electricity generation	20,000,000	45%	Investment

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VI Interest in other entities

(1) Interest in subsidiaries

(a) Composition of the Group

Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding (%)		Acquisition method
				Direct	Indirect	
Maoming Zhenheng	Maoming	Maoming	Electricity generation	66.61%	-	Investment
Jinghai Power	Jieyang	Jieyang	Electricity generation	65.00%	-	Investment
Zhanjiang Wind Power	Zhanjiang	Zhanjiang	Electricity generation	70.00%	-	Investment
Guangdong Yudean Anxin Electric Inspection & Installation Co., Ltd. ("Anx Inspection")	Dongguan	Dongguan	Electricity generation	100.00%	-	Investment
Guangdong Yudean Humen Electric Co., Ltd. ("Humen Electric")	Dongguan	Dongguan	Electricity generation	60.00%	-	Investment
Guangdong Yudean Bohe Coal Power Co., Ltd. ("Bohe Coal")	Maoming	Maoming	Electricity generation	100.00%	-	Investment
Zhanjiang Yuheng Electric Co., Ltd. ("Yuheng Electric")	Zhanjiang	Zhanjiang	Electricity generation	-	76.00%	Business combinations involving enterprises under common control
Xuwen Wind Power	Zhanjiang	Zhanjiang	Electricity generation	-	70.00%	Investment
Guangdong Yudean Huadu Natural Gas Thermal Power Co., Ltd. ("Huadu Natural Gas")	Guangzhou	Guangzhou	Electricity generation	65.00%	-	Investment
Guangdong Yudean Dabu Electric Co., Ltd. ("Dabu Electric")	Meizhou	Meizhou	Electricity generation	100.00%	-	Investment
Leizhou Wind Power	Leizhou	Leizhou	Electricity generation	80.00%	14.00%	Investment
Dianbai Wind Power	Maoming	Maoming	Electricity generation	-	100.00%	Investment
Zhanjiang Electric	Zhanjiang	Zhanjiang	Electricity generation	76.00%	-	Business combinations involving enterprises under common control
Yuejia Electric	Meizhou	Meizhou	Electricity generation	58.00%	-	Business combination under common control
Yuejiang Power	Shaoguan	Shaoguan	Electricity generation	90.00%	-	Business combination under common control
Zhongyue Energy	Zhanjiang	Zhanjiang	Electricity generation	90.00%	-	Business combination under common control
Yudean Power Sales Co., Ltd. ("Power Sales")	Guangzhou	Guangzhou	Electricity generation	100.00%	-	Investment
Qujie Power	Zhanjiang	Zhanjiang	Electricity generation	100.00%	-	Investment
Yudean Yangjiang Offshore Wind Power Co., Ltd. ("Yangjiang Wind Power")	Yangjiang	Yangjiang	Electricity generation	-	100.00%	Investment
Lincang Energy	Lincang, Yunan	Lincang	Electricity generation	100.00%	-	Business combinations involving enterprises not under common control

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Guangqian Electric	Shenzhen	Shenzhen	Electricity generation	100.00%	-	Business combination under common control
Guangdong Huizhou Natural Gas Power Co., Ltd. ("Huizhou Natural Gas")	Huizhou	Huizhou	Electricity generation	67.00%	-	Business combination under common control
Pinghai Power	Huizhou	Huizhou	Electricity generation	45.00%	-	Business combination under common control
Shibeishan Wind Power	Jieyang	Jieyang	Electricity generation	-	70.00%	Business combination under common control
Red Bay Power	Shanwei	Shanwei	Electricity generation	65.00%	-	Business combination under common control
Guangdong Province Wind Power Co., Ltd.	Guangzhou	Guangzhou	Electricity generation	100.00%	-	Business combinations involving enterprises not under common control
Tongdao Yuexin Wind Power Co., Ltd.	Huaihua, Hunan	Huaihua	Electricity generation	100.00%		Investment

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VI Interest in other entities (Cont'd)

(1) Interest in subsidiaries (Cont'd)

(a) Composition of the Group (Cont'd)

Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding (%)		Acquisition method
				Direct	Indirect	
Guangdong Yudean Pingyuan Wind Power Co., Ltd. ("Pingyuan Wind Power")	Meizhou	Meizhou	Electricity generation	-	100.00%	Investment
Guangdong Yudean Heping Wind Power Co., Ltd. ("Heping Wind Power")	Heyuan	Heyuan	Electricity generation	-	100.00%	Investment
Huilai Wind Power	Jieyang	Jieyang	Electricity generation	-	70.00%	Business combinations involving enterprises not under common control
Guangdong Yuejiang Hongrui Power Technology Development Co., Ltd. ("Hongrui Technology")	Shaoguan	Shaoguan	Electricity generation	-	90.00%	
Guangdong Yudean Yongan Natural Gas Thermal Power Co., Ltd. ("Yongan Natural gas")	Zhaoqing	Zhaoqing	Electricity generation	90.00%	-	Investment
Xupu Yuefeng	Huaihua, Hunan	Xupu, Huaihua, Hunan	Electricity generation	-	100.00%	Investment
Wuxuan Yuefeng	Guangxi Province	Wuxuan, Guangxi Province	Electricity generation	-	100.00%	Investment
Pinghai Comprehensive	Huizhou	Huizhou	Electricity generation	-	45.00%	Investment

- (i) Pinghai Power was acquired from Yudean by the Group in 2012 through offering non-public shares. According to the agreement between Yudean and Guangdong Huaxia Electric Power Development Co., Ltd. ("Huaxia Electric"), which holds 40% equity in Pinghai Power, the delegated shareholder and director from Huaxia Electric maintain consensus with those of Yudean when exercising their voting rights during the shareholders' meeting and Board of Directors' meeting at Pinghai Power; besides, after Yudean transfers its 45% equity in Pinghai Power to the Company, the delegated shareholder's representative and director from Huaxia Electric also reach consensus with those of the Company when exercising their voting rights during the shareholders' meeting and Board of Directors' meeting at Pinghai Power. Therefore, the Company owns the control power over Pinghai Power.

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-
- (ii) The voting rights proportions of the Company over its subsidiaries Zhanjiang Wind Power, Xuwen Wind Power, Leizhou Wind Power, Yuejia Electric and Shibeishan are 60.00%, 60.00%, 60.00%, 56.00% and 60.00%, respectively. Since the proportions are determined based on relevant rules of these subsidiaries' articles of association, the Company's voting proportion and shareholding percentage over the subsidiaries are inconsistent.

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VI Interest in other entities (Cont'd)

(1) Interest in subsidiaries (Cont'd)

(b) Subsidiaries with significant minority interests

Subsidiaries	Shareholding of minority shareholders (%)	Gains and losses attributable to minority shareholders in 2017	Dividends distributed to minority shareholders in 2017	31 December 2017 Minority interests
Jinghai Power	35.00%	81,595,643	131,516,240	1,260,224,943
Zhanjiang Electric	24.00%	39,358,114	26,565,106	970,218,779
Huizhou Natural Gas	33.00%	68,801,281	60,955,686	577,956,273
Pinghai Power	55.00%	240,167,577	193,736,052	1,118,956,851
Red Bay	35.00%	83,391,817	65,318,134	1,164,274,223

The major financial information of the significant non-fully-owned subsidiaries of the Group is listed below:

	31 December 2017						31 December 2016					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Jinghai Power	1,220,230,956	8,519,603,527	9,739,834,483	2,649,314,880	3,489,876,908	6,139,191,788	1,040,862,549	8,869,631,166	9,910,493,715	1,945,979,818	4,221,240,924	6,167,220,742
Zhanjiang Electric	2,809,749,417	1,600,195,341	4,409,944,758	335,297,509	32,069,003	367,366,512	2,635,811,946	1,628,729,534	4,264,541,480	266,643,782	8,623,652	275,267,434
Huizhou Natural Gas	531,864,001	2,867,325,353	3,399,189,354	819,036,708	828,770,000	1,647,806,708	310,256,019	2,261,163,527	2,571,419,546	985,737,730	-	985,737,730
Pinghai Power	1,009,047,306	4,875,445,336	5,884,492,642	1,359,960,430	2,490,065,211	3,850,025,641	1,305,072,062	5,218,722,817	6,523,794,879	1,778,709,983	2,795,038,849	4,573,748,832
Red Bay	1,010,276,845	6,165,453,533	7,175,730,378	1,942,232,599	1,907,000,000	3,849,232,599	952,162,266	6,568,486,587	7,520,648,853	2,218,790,170	2,027,000,000	4,245,790,170

	2017				2016			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Jinghai Power	4,811,801,719	233,130,409	233,130,409	1,131,168,452	4,045,943,116	417,511,874	417,511,874	1,512,227,824

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Zhanjiang Electric	1,944,172,914	163,992,141	163,992,141	328,892,120	1,546,826,426	139,957,686	139,957,686	288,752,081
Huizhou Natural Gas	1,727,670,061	208,488,731	208,488,731	372,435,087	1,651,548,233	205,238,001	205,238,001	401,856,187
Pinghai Power	3,392,086,464	436,668,322	436,668,322	942,514,472	2,367,109,748	360,261,257	360,261,257	1,001,697,986
Red Bay	3,916,842,705	238,262,334	238,262,334	391,792,666	3,160,742,921	207,359,152	207,359,152	1,888,050,299

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VI Interest in other entities (Cont'd)

(2) Interests in joint ventures and associates

(a) Basic information of significant joint ventures and associates

	Major business location	Place of registration	Nature of business	Whether strategic to the Group's activities	Shareholding (%)	
					Direct	Indirect
Joint venture						
Industry fuel	Guangzhou	Guangzhou	Fuel trade	Yes	50.00%	-
Associates -						
Yudean Finance	Guangzhou	Guangzhou	Finance	Yes	25.00%	-
Taishan Electric	Taishan	Taishan	Power generation	Yes	20.00%	-

The above equity investments are all measured using equity method by the Group.

(b) Summarised financial information of significant joint ventures:

	31 December 2017	31 December 2016
	Industry fuel	Industry fuel
Current assets	3,023,652,373	2,795,941,710
Including: Cash and cash equivalents	1,486,090,950	765,618,880
Non-current assets	238,031,473	243,947,673
Total assets	3,261,683,846	3,039,889,383
Current liabilities	2,049,097,586	1,870,177,206
Net assets	1,212,586,260	1,169,712,177
Attributable to equity owners of the company	1,212,586,260	1,169,712,177
Shares of net assets based on shareholding (i)	606,293,130	584,856,088
Adjustments	(614,728)	(614,728)
Carrying value of equity investment in joint venture	605,678,402	584,241,360
Revenue	20,866,250,505	14,358,128,349
Financial expenses	5,757,908	7,792,812
Income tax expenses	(54,847,117)	(42,865,045)
Net profit	167,764,414	131,624,701

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Total comprehensive income	167,764,414	131,624,701
Dividends received from joint ventures by the Group for the current year	59,231,115	79,989,336

- (i) The Group calculates share of assets in proportion of the shareholdings based on the amount attributable to the parent company of joint ventures in their consolidated financial statements, which has taken into account impacts of both the fair value of the identifiable assets and liabilities of the joint ventures upon the acquisition of investments and accounting policy unifying.

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VI Interest in other entities (Cont'd)

(2) Interests in joint ventures and associates

(c) Key financial information of significant associates

	31 December 2017		31 December 2016	
	Yudean Finance	Taishan Electric	Yudean Finance	Taishan Electric
Current assets	8,683,630,097	940,022,602	5,211,498,322	1,442,926,060
Non-current assets	13,100,038,881	13,059,475,755	11,831,239,639	13,558,011,862
Total assets	21,783,668,978	13,999,498,357	17,042,737,961	15,000,937,922
Current liabilities	19,034,164,167	2,890,641,148	14,425,370,556	5,147,444,203
Non-current liabilities	-	1,300,500,000	-	-
Total liabilities	19,034,164,167	4,191,141,148	14,425,370,556	5,147,444,203
Minority interests	-	979,164	-	1,039,584
Attributable to equity owners of the company	2,749,504,811	9,807,378,045	2,617,367,405	9,852,454,135
Shares of net assets based on shareholding (i)	687,376,205	1,961,475,609	654,341,853	1,970,490,827
Adjustments				
- Goodwill	13,325,000	-	13,325,000	-
Carrying value of equity investments in associates	700,701,205	1,961,475,609	667,666,853	1,970,490,827
Revenue	639,369,624	6,858,639,385	590,119,177	6,309,810,906
Net profit	301,317,539	596,418,401	227,377,359	1,030,668,936
Other comprehensive income	-	(201,400)	-	(3,220)
Total comprehensive income	301,317,539	596,217,001	227,377,359	1,030,665,716
Dividends received from associates by the Group for the current year	42,295,033	95,281,354	59,406,856	306,239,183

(i) The Group calculates share of assets in proportion of the shareholdings based on the amount attributable to the parent company of associates in their consolidated financial statements, which has taken into account the impact of both the fair value of the identifiable net assets and liabilities of the associate upon the acquisition of investment and accounting policy unifying.

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VI Interest in other entities (Cont'd)

(2) Interests in joint ventures and associates (Cont'd)

(d) Information of immaterial associates is summarised as follows:

	2017	2016
Associates:		
Aggregate carrying value of investment	2,533,151,196	2,223,563,710
Aggregate amount based on shareholding		
Net profit/(loss) (i)	194,143,964	(905,554)
Other comprehensive income (i)	-	(439,064)
Total comprehensive income	194,143,964	(1,344,618)

(i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment and accounting policies unifying.

VII Segment information

The reportable segments of the Group are the business units that provide different products or service, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group possesses 8 reportable segments, in charge of power generating and selling in different regions in Guangdong Province.

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

For the purposes of assessing segment performance and distributing resources among segments, the Group's management regularly reviews assets, liabilities, income, expenses and business performance attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, other long-term assets and current assets like accounts receivable, with the exception of deferred tax assets and other unallocated corporate assets. Segment liabilities include payables and advances, bank borrowings and interest payable, long-term and short-term debentures and dividends payable attributable to the individual segments, but exclude deferred tax liabilities.

Segment financial performance represents operating income (including trading revenues from external customers and inter-segment), deducting expenses, depreciation, amortisation and impairment losses attributable to the individual segments, and interest income and expense from cash balances and borrowings directly attributable to one of the segments. The calculation of pricing among inter-segments is determined with reference to similar terms for external parties.

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VII Segment information (Cont'd)

(a) Segment information as at and for the year ended 31 December 2017 is as follows:

	The Company	Jinghai Power	Pinghai Power	Red Bay	Maoming Zhenneng	Zhanjiang Electric	Zhongyue Energy	Others	Elimination	Total
Revenue from external customers	2,117,444,166	4,811,801,719	3,392,086,464	3,916,842,705	1,606,408,261	1,938,695,991	1,289,553,459	7,570,959,292	-	26,643,792,057
Inter-segment revenue	55,725	-	-	-	-	5,476,923	-	105,915,559	(111,448,207)	-
Cost of sales from main operations	(2,014,615,189)	(4,159,809,344)	(2,594,540,505)	(3,344,808,620)	(1,609,917,306)	(1,700,604,512)	(1,353,391,795)	(6,626,133,789)	125,885,351	(23,277,935,709)
Interest income	4,215,500	1,301,144	4,647,642	2,223,345	1,085,577	21,691,173	5,932,507	24,056,498	-	65,153,386
Interest expenses	(199,610,835)	(217,463,086)	(130,480,952)	(133,675,087)	(71,293,749)	-	(128,253,251)	(403,911,839)	39,128,388	(1,245,560,411)
Investment income from associates and joint ventures	430,233,196	-	-	-	-	-	-	6,174,446	-	436,407,642
Asset impairment losses	(673,578,111)	-	-	(438,532)	-	(15,137,474)	(12,990,036)	(92,177,648)	648,567,427	(145,754,374)
Depreciation and amortisation expenses	(126,140,089)	(683,130,808)	(388,880,201)	(539,874,860)	(203,959,542)	(155,323,006)	(280,559,563)	(1,207,732,543)	19,041,857	(3,566,558,755)
Total profit	644,885,699	305,415,844	595,737,707	318,743,687	(126,843,762)	221,664,415	(251,416,610)	202,489,174	(356,465,679)	1,554,210,475
Income tax expenses	51,661,211	(72,285,435)	(159,069,385)	(80,481,353)	32,510,738	(57,672,274)	28,865,939	(156,286,172)	(3,732,585)	(416,489,316)
Net profit	696,546,910	233,130,409	436,668,322	238,262,334	(94,333,024)	163,992,141	(222,550,671)	46,203,002	(360,198,264)	1,137,721,159
Total assets	27,497,912,825	9,739,834,483	5,884,492,642	7,175,730,378	3,078,550,795	4,409,944,758	4,946,405,691	29,750,996,883	(21,476,453,132)	71,007,415,323
Total liabilities	4,954,412,031	6,139,191,788	3,850,025,641	3,849,232,599	2,102,558,428	367,366,512	3,908,964,964	19,511,142,287	(3,378,338,940)	41,304,555,310
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-
Long-term equity investments in associates and joint ventures	5,738,255,738	-	-	-	-	-	-	62,750,674	-	5,801,006,412

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Addition of non-current assets (i)	(234,867,651)	(350,027,639)	(343,277,481)	(403,033,054)	(67,918,141)	(28,534,193)	(393,861,476)	914,217,148	871,828,226	(35,474,261)
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(i) Non-current assets do not include financial instruments, long-term equity investments, and deferred tax assets.

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VII Segment information (Cont'd)

(b) Segment information as at and for the year ended 31 December 2016 is as follows:

	The Company	Jinghai Power	Pinghai Power	Red Bay	Maoming Zhenheng	Zhanjiang Electric	Zhongyue Energy	Others	Elimination	Total
Revenue from external customers	2,029,821,268	4,045,943,116	2,367,109,748	3,160,742,921	1,385,525,272	1,538,339,761	1,305,549,969	6,848,087,967	-	22,681,120,022
Inter-segment revenue	55,762	-	-	-	-	8,486,665	-	32,909,529	(41,451,956)	-
Cost of sales from main operations	(1,632,941,869)	(3,023,351,550)	(1,604,469,871)	(2,399,446,338)	(1,193,440,593)	(1,206,167,130)	(1,186,585,047)	(5,544,180,279)	39,854,627	(17,750,728,050)
Interest income	8,853,201	2,094,821	5,568,834	1,489,845	1,629,421	23,127,292	2,094,821	23,558,222	-	68,416,457
Interest expenses	(216,357,055)	(248,817,575)	(162,136,215)	(158,084,166)	(75,032,498)	-	(150,435,110)	(439,602,790)	31,511,587	(1,418,953,822)
Investment income from associates and joint ventures	286,517,653	-	-	-	-	-	-	4,439,284	-	290,956,937
Asset impairment losses	(85,722,207)	(71,082,445)	-	(185,046,826)	(48,399,956)	(99,763,144)	(214,553,161)	(87,566,487)	33,864,097	(758,270,129)
Depreciation and amortisation expenses	(149,374,830)	(803,991,479)	(386,898,704)	(673,876,429)	(241,085,512)	(195,148,839)	(336,546,850)	(1,204,956,182)	86,551	(3,991,792,274)
Total profit	294,389,329	577,512,708	514,056,212	302,217,187	24,547,127	212,472,632	(285,414,662)	491,863,910	(226,737,283)	1,904,907,160
Income tax expenses	(14,527,156)	(160,000,834)	(153,794,955)	(94,858,035)	(6,915,095)	(72,514,946)	71,358,724	(186,786,816)	(805,776)	(618,844,889)
Net profit	279,862,173	417,511,874	360,261,257	207,359,152	17,632,032	139,957,686	(214,055,938)	305,077,094	(227,543,059)	1,286,062,271
Total assets	9,768,752,508	9,891,480,438	6,523,794,879	7,457,579,958	3,055,176,239	4,223,302,053	4,894,482,366	26,940,628,694	(2,078,193,375)	70,677,003,760
Total liabilities	5,007,337,148	6,167,220,742	4,573,748,832	4,245,790,170	1,968,982,019	275,267,434	3,702,319,250	17,210,337,616	(1,810,564,213)	41,340,438,998
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-
Long-term equity investments in associates and joint ventures	5,370,651,524	-	-	-	-	-	-	61,986,226	-	5,432,637,750
Increase in non-current	284,348,299	(757,579,689)	(380,373,632)	(934,438,547)	(256,965,509)	(229,237,976)	(604,436,296)	2,960,112,249	(1,442,693,689)	(1,361,264,790)

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assets (i)

(i) Non-current assets do not include financial instruments, long-term equity investments, and deferred tax assets.

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VII Segment information (Cont'd)

(c) Geographical information

The Group's operating income derives from the development and operation of electric plants in China and all assets are within China.

(d) Major customers

In 2017, the revenue from GPGC and its subsidiaries was RMB 26,250,079,293 (2016: RMB 22,342,322,648), which took up 98.52% of the Group's operating income (2016: 98.51%).

VIII Related parties and related party transactions

(1) The parent Company

(a) General information of the parent company

	Place of registration	Nature of business
Yudean	Guangzhou	Operation and management of power generation enterprises, capital management of electricity assets, construction of power plant and sales of electricity

Ultimate holding party of the Company is State-owned Assets Supervision And Administration Commission of the People's Government of Guangdong Province.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2016	Increase in the current year	Decrease in the current year	31 December 2017
Yudean	23,000,000,000	-	-	23,000,000,000

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	31 December 2017		31 December 2016	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
Yudean	67.39%	67.39%	67.39%	67.39%

(2) Information of subsidiaries

The general information and other related information of the subsidiaries are set out in Note VI(1)(a).

VIII Related parties and related party transactions (Cont'd)**(3) Information of joint ventures and associates**

Apart from material joint ventures and associates disclosed in Note VI, other joint ventures and associates that involved in related party transactions with the Company are listed as follows:

Name of the Company	Relationship with the Group
Yudean Shipping	Associate

(4) Information of other related parties

	Relationship with the Group
Maoming Thermal	Controlled by Yudean
Shaoguan Electric Power Plant	Controlled by Yudean
Shajiao C	Controlled by Yudean
Guangdong Yudean Hydroelectric Power Plant ("Xinfengjiang Electric Service")	Controlled by Yudean
Guangdong Province Zhuhai Power Generation Co., Ltd. ("Zhuhai Electric")	Controlled by Yudean
Guangdong Zhuhai Jinwan Power Co., Ltd. ("Zhuhai Jinwan Electric")	Controlled by Yudean
Guangdong Yudean Property Management Co., Ltd. ("Yudean PM")	Controlled by Yudean
Guangdong Yudean Information Technology Co., Ltd. ("Yudean Technology")	Controlled by Yudean
Guangdong Yudean Property Investment Co., Ltd. ("Yudean PI")	Controlled by Yudean
Zhuhai Grand Power Energy Development Co., Ltd. ("Zhuhai Grand Power")	Controlled by Yudean
Yudean Environmental	Controlled by Yudean
Shenzhen Tianxin Insurance Brokers Co., Ltd. ("Shenzhen Tianxin")	Controlled by Yudean
Guangzhou Huangpu Power Engineering Co., Ltd. ("Huangpu Power Engineering")	Controlled by Yudean
Guangzhou Huangpu Yuehua Power Plant Human Resources Co., Ltd. ("Huangpu Yuehua Human Resources")	Controlled by Yudean

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VIII Related parties and related party transactions (Cont'd)

(4) Information of other related parties (Cont'd)

Relationship with the Group

Inner Mongolia Yudean Menghua New Energy Co., Ltd. ("Menghua New Energy")	Controlled by Yudean
Guangdong Yuehua Power Co., Ltd. ("Yuehua Power")	Controlled by Yudean
Guangdong Yudean Yunhe Power Co., Ltd. ("Yunhe Power")	Controlled by Yudean
Guangdong Yuelong Power Generation Co., Ltd. ("Yuelong Power")	Controlled by Yudean
Guangdong Yudean Zhongshan Thermal Power Plant ("Zhongshan Thermal")	Controlled by Yudean
Guangdong Port of Yangjiang Harbour Service Co., Ltd. ("Port of Yangjiang")	Controlled by Yudean
Guangzhou Development District Yudean New Energy Co., Ltd. ("Yudean New Energy")	Controlled by Yudean
Guangdong Guanghe Power Co., Ltd. ("Guanghe Power")	Controlled by Yudean
Guangdong Xinhui Power Generation Co., Ltd. ("Xinhui Power")	Controlled by Yudean
Guangdong Yudean Natural Gas Co., Ltd. ("Yudean Natural Gas")	Controlled by Yudean

(5) Related party transactions

(a) Purchase and sales of goods, and provision and receipt of service

Purchase of goods and receipt of services:

Related parties	Type of related party transaction	Pricing policy of related party transaction	2017	2016
Industry fuel	Purchase of fuel	Agreement price	14,389,960,951	7,256,425,415
Yudean Natural Gas	Purchase of fuel	Agreement price	260,827,167	-
YUDEAN ENVIRONMENTAL	Purchase of materials	Agreement price	118,654,832	90,943,208
Yudean PM	Receipt of property services	Agreement price	31,553,554	28,971,851
Yudean Shipping	Receipt of tug services	Agreement price	24,720,000	23,401,132
Huangpu Yuehua Human Resources	Receipt of human resource outsourcing services	Agreement price	14,570,164	3,705,387
Huangpu Power Engineering	Receipt of maintenance and repair services	Agreement price	11,533,589	11,818,622
Port of Yangjiang	Receipt of tug services	Agreement price	8,029,908	7,648,589
Yudean Technology	Distribution service fee	Agreement price	2,864,767	2,322,018
Maoming Thermal	Receipt of leasing services	Agreement price	2,724,380	-
Yunhe Power	Distribution service fee	Agreement price	1,548,428	-
Zhuhai Jinwan Electric	Distribution service fee	Agreement price	206,533	-
Zhuhai Grand Power	Purchase of equipment	Agreement price	-	635,598
			<u>14,867,194,273</u>	<u>7,435,017,977</u>

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VIII Related parties and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(a) Purchase and sales of goods, and provision and receipt of service (Cont'd)

Sales of goods and provision of services:

Related parties	Type of related party transaction	Pricing policy of related party transaction	2017	2016
YUDEAN ENVIRONMENTAL	Revenue from sales of by-products	Agreement price	158,181,213	104,804,428
Shajiao C	Provision of maintenance and repair services	Agreement price	33,858,057	49,180,735
Yunhe Power	Income from transferring coal	Agreement price	14,676,471	-
Yunhe Power	Provision of maintenance and repair services	Agreement price	8,377,100	11,948,718
Zhuhai Jinwan Electric	Electricity income from deviation assessment	Agreement price	4,208,214	-
Yunhe Power	Electricity income from deviation assessment	Agreement price	3,205,702	-
Yuehua Power	Provision for training service	Agreement price	2,175,049	-
Guanghe Power	Electricity income from deviation assessment	Agreement price	1,868,165	-
Xinhui Power	Provision for training service	Agreement price	1,456,767	-
Yuelong Power	Electricity income from deviation assessment	Agreement price	788,661	-
Yudean New Energy	Provision of maintenance and repair services	Agreement price	651,395	-
Yuehua Power	Electricity income from deviation assessment	Agreement price	129,932	-
Zhuhai Jinwan Electric	Provision of maintenance and repair services	Agreement price	126,904	4,332,129
Menghua New Energe	Provision of consulting services	Agreement price	308,871	-
Zhongshan Thermal	Provision of training services	Agreement price	-	169,660
Huangpu Power Engineering	Provision of maintenance and repair services	Agreement price	-	83,499
			230,012,501	170,519,169

(b) Purchase of electric power

Related parties	2017	2016
Zhuhai Jinwan Electric	55,868,421	7,260,000
Yunhe Power	37,018,286	3,630,000

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Guanghe Power	25,568,631	5,989,500
Yuelong Power	8,427,938	-
Yuehua Power	1,318,520	
	<u>128,201,796</u>	<u>21,598,500</u>

The amount of purchase for electric power is determined by the difference of decrease in current feed-in tariff and purchased quantity of electricity agreed by companies selling electric power and power plants from related parties.

VIII Related parties and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(c) Leases

The Group as the lessee:

Name of lessor	Type of leased assets	Leasing payment recognised in 2017	Leasing payment recognised in 2016
Yudean PI*	Housing rental	8,293,375	7,043,724
Maoming Thermal	Land rental	1,043,884	1,068,452
Yudean PI*	Billboard rental	760,686	798,720
Maoming Thermal	Housing rental	148,005	155,405
Shaoguan Electric Power Plant	Housing rental	-	43,700
Yuehua Power	Housing rental	25,826	36,156
Shaoguan Electric Power Plant	Equipment rental	-	12,000
		<u>10,271,776</u>	<u>9,158,157</u>

* The above contracts will be updated every year and they have been renewed on 1 January 2018.

The Group as the lessor:

Name of lessee	Type of leased assets	Leasing income recognised in 2017	Leasing income recognised in 2016
Shajiao C	Housing rental	<u>195,524</u>	-

(d) Guarantee

The Group as the guaranteed party

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

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Guarantor	Guaranteed amount	Starting date	Maturity date	Whether the guarantee has been fulfilled or not
Yudean	<u>1,500,000,000</u>	14/08/2013	13/08/2022	No

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VIII Related parties and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(e) ending among related parties

(i) According to the 2017 *Framework Agreement on Financial Services* between the Company and Yudean Finance, Yudean Finance is committed to offering the Group a credit line of less than RMB 17,000,000,000 in 2017. In 2017, the Group borrowed a total of RMB 8,468,213,230 (2016: RMB 5,400,090,000) from Yudean Finance based on actual capital requirement. The Group paid an interest of RMB 297,702,035 (2016: RMB 281,054,753) for such borrowing (Note VIII(5)(j)).

(ii) In 2017, the net amount of the Group's deposits in Yudean Finance increased by RMB 646,703,288 (2016: a net increase of RMB 351,400,189). Interests due from Yudean Finance amounted to RMB 60,170,777 (2016: RMB 62,372,555). In light of the frequent deposits and withdrawals, the Group only disclosed the amount of net change in deposits.

(iii) As disclosed in Note IV(23), according to the three-party agreement signed among the Group, Yudean Finance and Industry Fuel, the amount of the notes issued to Industry Fuel by the Group and discounted with Yudean Finance represents the amount payable to Yudean Finance. Given the frequent transactions, only the net change of the balance of commercial acceptance notes discounted with Yudean Finance as at 31 December is disclosed. As at 31 December 2017, the net amount of Yudean Finance's discounting of acceptance notes issued by the Group to Industry Fuel increased by RMB 617,458,278. In 2017, the discounting interest charged by Yudean Finance and borne by the Group which was included in the discounting interest expenses in the year amounted to RMB 13,638,031.

(iv) Transactions between the Company and its subsidiaries

In 2017, the net increase in non-secured loans borrowed by the Company from its subsidiaries was RMB 800,000,000 (2016: net decrease of RMB 600,000,000) with an annual interest rate of 3.92% (2016: from 4.14% to 5.32%). An interest expense of RMB 37,916,159 (2016: RMB 34,809,951) was recognised. The balance of borrowings at the end of 2017 was RMB 1,100,000,000 (2016: RMB 300,000,000). The Company only discloses the net change in loan of capital with its subsidiaries due to the frequent transaction of funds.

In 2017, the net decrease in non-secured loans provided by the Company to its subsidiaries was RMB 33,540,000 (2016: net decrease of RMB 35,000,000) with an annual interest rate from 4.75% to 4.99% (2016: 4.41% to 4.75%). An interest income of RMB 17,784,373 (2016: RMB 21,556,285) was recognised. The balance of borrowings at the end of 2017 was RMB 401,460,000 (2016: RMB 435,000,000). The Company only disclosed the net change in loan of capital with its subsidiaries due to the frequent transaction of funds.

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VIII Related parties and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(f) Payment by related parties on behalf of the Group

	2017	2016
Shaoguan Electric Power Plant	613,807	10,974,060

(g) Purchase of small thermal generator unit capacity

In 2017, the Group did not involve in any related party transaction related to purchase of small thermal generator unit capacity.

Purchaser	Seller	Related party transactions	Pricing principle	2016 Amount	% of similar transaction
Jinghai Power	Yuehua Power	Purchase of small thermal generator unit capacity	Agreement price	10,000,000	100%

(h) Allocation of common expenses

The Company's branches Shajiao A and Shajiao C agreed to share common expenses based on their agreed allocation percentage. In 2017, the common expenses received by the Group from Shajiao C was RMB 2,642,602 (2016: RMB 2,968,411).

(i) Interest income

	2017	2016
Interest on deposits paid by Yudean Finance	60,170,777	62,372,555
Percentage of interest income	92.35%	91.17%

(j) Interest expenses

	2017	2016
Interest on borrowings paid to Yudean Finance	297,702,035	281,054,753
Notes discounting interest paid to Yudean Finance	13,638,031	20,564,233
	311,340,066	301,618,986
Percentage of interest expenses	20.76%	18.99%

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In 2017, the loans provided by Yudean Finance to the Group carry an annual interest rate from 3.92% to 4.53% (2016: from 3.92% to 5.31%).

VIII Related parties and related party transactions (Cont'd)

(5) Related party transactions (Cont'd)

(k) Joint investment

As at 31 December 2017, co-invested subsidiaries, joint ventures, and associates between the Group and Yudean were listed below:

	Percentage of equity attributable to Yudean
Yudean Finance	65%
Industry Fuel	50%
Shanxi Yudean Energy	60%
Yudean Property Self-Insurance	49%
Western Investment	35%

(l) Transfer of asset

Related party	Type of related party transaction	Pricing principle	2017	2016
Yuehua Power	Purchase of small thermal generator unit capacity	Agreement price	-	10,000,000

(m) Remuneration of key management

	2017	2016
Remuneration of key management	3,859,328	4,154,624

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VIII Related parties and related party transactions (Cont'd)

(6) Receivables from and payables to related parties

Receivables from related parties:

		31 December 2017		31 December 2016	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Cash at bank and on hand	Yudean Finance	4,152,300,806	-	4,799,004,094	-
Accounts receivable	Shajiao C	13,185,631	-	26,500,702	-
	Zhuhai Electric Jinwan	4,923,611	-	2,599,915	-
	Yunhe Power	2,526,785	-	3,511,430	-
	Yudean New Energy	762,132	-	-	-
	Guanghe Power	35,177	-	-	-
	Yuelong Power	15,550	-	2,502,752	-
	Zhuhai Electric	-	-	279,747	-
		21,448,886	-	35,394,546	-
Other receivables	YUDEAN ENVIRONMENTAL	136,540,065	-	66,823,439	-
	Yudean PI	1,274,519	-	1,134,699	-
	Yudean PM	413,282	-	367,626	-
	Shajiao C	253,097	-	305,995	-
	Menghua Energy New	241,844	-	16,320	-
		138,722,807	-	68,648,079	-
		31 December 2017		31 December 2016	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Interest receivable	Yudean Finance	14,923,771	-	16,640,918	-
Advances to suppliers	Industry Fuel	589,294,868	-	911,360,683	-

Payables to related parties

	31 December 2017	31 December 2016
Accounts payable Industry Fuel	1,463,573,252	2,172,819,322
Maoming Thermal	89,461,265	89,461,265
YUDEAN ENVIRONMENTAL	62,871,339	50,170,970

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Huangpu Power Engineering	3,335,568	91,283
Yunhe Power	1,006,553	-
Huangpu Yuehua Human Resources	566,250	-
Zhuhai Jinwan Electric	218,925	-
Yudean Technology	68,000	702,577
Zhuhai Grand Power	37,183	-
Yuelong Power	34,071	66,818
Yudean Shipping	-	3,660,000
	<u>1,621,172,406</u>	<u>2,316,972,235</u>

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VIII Related parties and related party transactions (Cont'd)

(6) Receivables from and payables to related parties (Cont'd)

Payables to related parties (Cont'd)

		31 December 2017	31 December 2016
Other payables	Shaoguan Electric Power Plant	11,024,853	10,974,060
	Huangpu Engineering Power	2,451,285	7,866,983
	Yudean PM	5,300,494	4,864,696
	Maoming Thermal	7,187,525	4,000,000
	Yudean Shipping	4,280,000	3,660,000
	Huangpu Yuehua Human Resources	1,701,219	2,209,375
	Yudean PI	1,360,639	1,051,099
	Yudean Technology	1,028,740	112,500
	YUDEAN ENVIRONMENTAL	631,264	1,084,284
	Shenzhen Tianxin	70,000	70,000
	Zhuhai Grand Power	-	37,183
		<u>35,036,019</u>	<u>35,930,180</u>
		31 December 2017	31 December 2016
Interest payable	Yudean Finance	<u>10,451,874</u>	<u>67,537,822</u>
Notes payable	Industry Fuel	67,611,800	50,000,000
	Yudean Finance	<u>230,000,000</u>	<u>847,458,278</u>
		<u>297,611,800</u>	<u>897,458,278</u>
Short-term borrowings	Yudean Finance	<u>5,637,000,000</u>	<u>3,710,000,000</u>
Current portion of non-current liabilities	Yudean Finance	<u>191,763,707</u>	<u>267,331,709</u>
Long-term borrowings	Yudean Finance	<u>2,533,388,877</u>	<u>2,040,222,573</u>

Part of information on short-term borrowings and long-term borrowings obtained from related parties is disclosed in Notes IV(22), IV(31), IV(33); details on notes payable discounted by Yudean Finance is disclosed in Note IV(23). Except for the aforesaid borrowings and notes payable, other receivables from and payables to related parties are interest-free and unsecured current accounts that will be paid off when needed.

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VIII Related parties and related party transactions (Cont'd)

(7) Commitments in relation to related parties

Leases

31 December 2017

31 December 2016

- Lessee

Maoming Thermal

23,920,348

25,054,634

Yudean PI

8,264,642

6,974,129

32,184,99032,028,763

(8) Investment commitments

As at 31 December 2017, the Group did not make any investment commitments with related parties.

IX Contingencies

As at 31 December 2017, the Company provided joint guarantee for bank borrowings amounting to RMB 122,670,000 for Yunnan Baoshan Binlangjiang Hydroelectricity Development Co Ltd., of which the liability relief procedure is being handled.

As at 31 December 2017, the Company provided joint guarantee for bank borrowings from European Investment Bank amounting to RMB 77,588,224 for Zhanjiang Wind Power (Note IV (33)(a)(iv)); and the Company provided joint guarantee for bank borrowings amounting to RMB 92,000,000 (Note IV(33)(c)) for Yuejiang Power, based on the percentage of equity owned in Yuejiang Power.

X Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

31 December 2017

31 December 2016

Buildings and power generation equipment

4,974,441,4917,748,261,014

The above capital commitments will be primarily used for the construction of new electric plants and the purchase of new generator units.

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X Commitments (Cont'd)

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2017	31 December 2016
Within 1 year	8,721,054	6,356,203
1 to 2 years	6,569,416	2,484,753
2 to 3 years	4,000,026	1,787,713
Over 3 years	30,360,476	30,902,928
	<u>49,650,972</u>	<u>41,531,597</u>

(3) Implementation of prior commitments

- (a) The Eighth Session of the Board passed the *Proposal of Establishment of Dagaoshan Wind Power Project Company in Dong Autonomous County of Tongdao in Hunan Province* during its 14th meeting on 28 October 2016. To propel the preliminary work of the Hunan Dagaoshan Wind Power project and develop and extend wind power in Hunan Province, the board agreed to establish solely-owned "Dagaoshan Wind Power Project Company" in charge of investment, development and construction of the Dagaoshan Wind Power project. The initial contribution of the registration capital was tentatively set as RMB 10,000,000, and the remaining capital will be injected at proper time according to the approval of the project and the construction plan deliberated and approved by the board of directors. According to the notice of pre-approval on corporate name, the Dagaoshan Wind Power project is granted with a corporate name, Tongdao Yuexin Wind Power Co., Ltd. As at 31 December 2017, the Company did not make capital contribution.
- (b) The Seventh Session of the Board passed the *Proposal of Capital Injection in Guangdong Yudean Bohe Coal Power Co., Ltd.* during its 11th meeting on 29 October 2012, pursuant to which the Company agreed to inject RMB 854,570,000 in cash to Bohe Coal for the construction of terminal project. The injection would be made in batches based on the capital requirement of the project. On 22 August 2013, the Seventh Session of the Board passed the *Proposal of Invest to Establish Guangdong Maoming Bohe Electric Power Generation Project* during its 15th meeting, pursuant to which the Company agreed to inject RMB 1,375,000,000 to Bohe Coal for the construction of Bohe electric plant. The injection of the initial capital of Bohe Coal of RMB 285,000,000 was completed. The subsequent injection of RMB 1,090,000,000 will be made in batches based on the capital requirement of the project. The aforesaid capital commitment is totalled at RMB 2,229,570,000. As at 31 December 2017, the Company injected RMB 2,229,000,000 to Bohe Coal.
- (c) The Eighth Session of the Board passed the *Proposal of Capital Injection in Guangdong Shaoguan Yuejiang Electric Power Co., Ltd.* during its 2nd meeting on 24 August 2014, pursuant to which the Company is required to inject RMB 923,000,000 (20% of the total project investment) on its 90% shareholding proportion to promote the Upgrade Project (2×600MW) of Shaoguan Power invested by Yuejiang Electric, namely, to offer supplementary capital injection of RMB 232,310,000 on the basis of the initial injection of RMB 690,690,000 approved during 11th meeting of The Sixth Session of the Board in 2010. As at 31 December 2017, the Company has completed the cumulative capital injection.

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X Commitments (Cont'd)

- (3) Implementation of prior commitments (Cont'd)
- (d) The Eighth Session of the Board passed the *Proposal of Establishment of Guangdong Yudean Property Self-Insurance Co., Ltd.* during its 9th meeting on 12 November 2015. In order to enhance the Company's capability of managing quantitative risks and insurance, the board agreed to establish Guangdong Yudean Property Self-Insurance Co., Ltd. with Yudean, the controlling shareholders, in which the Company contributed RMB147,000,000 and accounted for 49% of the equity. As at 31 December 2017, the Company had injected a registered capital of RMB 147,000,000 to Guangdong Yudean Property Self-Insurance Co., Ltd., thus the accumulated capital injection was completed by the Company.
- (e) The Eighth Session of the Board passed the *Proposal of Investment in the Establishment of 2×400MW Fuel Gas - Steam Thermal Power Cogeneration Project in Guangdong Yudean Huadu Natural Gas Thermal Power Co., Ltd.* during its 15th meeting dated 24 April 2017. To promote the subsequent development of natural gas thermal power project in Huadu, the Company is required to inject a total capital of RMB 467,110,800 to Guangdong Yudean Huadu Natural Gas Thermal Power Co., Ltd. based on its shareholding proportion of 65% in this company. In addition to the whole capital injected since the incorporation of the project company, the Company still need to inject another RMB 369,610,800. As at 31 December 2017, the Company had injected RMB 89,050,000, and the accumulated injection of capital was RMB 186,550,000.
- (f) The Seventh Session of the Board passed the *Proposal of Investment in Phase II Thermal Power Cogeneration Project of Huizhou LNG Electric* during its 14th meeting in April 2013. According to the proposal, the Board permits the Company to invest in Phase II Thermal Power Cogeneration Project of Huizhou LNG Electric with the contribution ratio of 67%. The capital is about RMB 569,000,000 in total, which will be made in batches based on the project progress and capital requirement. The Company injected RMB 42,670,000 and RMB 52,330,000 respectively in September and December 2017.

XI Events after the balance sheet date

- (1) According to the requirement of *Retirement of Shajiao Power Plant and Construction work of alternative power source* ([2018] No.578) by Guangdong Development and Reform Commission on 7 February 2018, all ten generator units of Shajiao power plant should be gradually retired by the end of 2025. Meantime, the alternative power source should be implemented in appropriate district, and related transformation of power network and staff resettlement should be well prepared. Based on the correspondence, the Company's Shajiao A should shut off all five generator units before 2023, including 1# generator units shut off by 2019, 2# and 3# generator units shut off by 2020, 4# and 5# generator units shut off by 2023. As at 31 December 2017, the carrying value of long-term assets of Shajiao A related to retired generator units amounting to nearly RMB 1,100,000,000. Up to the issuance date of the financial statement, proposals of implementation of retirement, construction of alternative power source, corresponding transformation of power network and staff resettlement, land development and other concerns are still in the process of research. Management are unable to reasonably estimate the influence on the Group's future financial conditions, business performance and cash flow.
- (2) According to a resolution of the Board of Directors ("BOD") dated 26 April 2017, the BOD suggested that the Group appropriate statutory surplus reserve of RMB 69,654,691, representing 10% of net profit, and discretionary surplus reserve of RMB 174,136,728, representing 25% of net profit (2016: statutory surplus reserve of RMB 212,960,545 and discretionary surplus reserve of RMB 532,401,361); furthermore, the BOD suggested that the Group distribute cash dividends to shareholders at the rate of RMB 0.8 for every 10 shares, amounting to a total of RMB 420,022,719 (2016: RMB 0.8 for every 10 shares for shareholders, with a total amount of RMB 420,022,719). This proposal is still to be approved by the general meeting of shareholders. The distribution of cash dividends proposed subsequent to the balance sheet date was not recognised as liabilities at the balance sheet date.

XII Financial risk

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk and interest rate risk), credit risk and liquidity 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.

- (1) Market risk
- (a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies in order to reduce foreign exchange risk to the greatest extent. Therefore, the Group may consider adopt proper ways to mitigate the foreign exchange risk. During 2017 and 2016, the Group did not enter into any forward exchange contracts or currency swap contracts.

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XII Financial risk (Cont'd)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

31 December 2017				
	USD	EUR	HKD	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	1,241	-	10,767	12,008
Financial liabilities denominated in foreign currency -				
Long-term borrowings	67,525,556	5,971,857	-	73,497,413
Current portion of non-current liabilities	10,062,668	2,454,923	-	12,517,591
	77,588,224	8,426,780	-	86,015,004
31 December 2016				
	USD	EUR	HKD	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	1,230	-	11,521	12,751
Other current assets	1,000,209	-	-	1,000,209
	1,001,439	-	11,521	1,012,960
Financial liabilities denominated in foreign currency -				
Long-term borrowings	78,268,316	7,891,621	-	86,159,937
Current portion of non-current liabilities	61,323,080	2,299,019	-	63,622,099
	139,591,396	10,190,640	-	149,782,036

As at 31 December 2017, if RMB had strengthened/weakened by 10% against the US dollar for various financial assets and liabilities denominated in US dollar while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 5,819,024 (31 December 2016: approximately RMB 10,394,247) higher/lower.

As at 31 December 2017, if RMB had strengthened/weakened by 10% against the EUR for various financial liabilities denominated in EUR while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 632,009 (31 December 2016: approximately RMB 764,298) lower/higher.

As at 31 December 2017, if RMB had strengthened/weakened by 10% against the HKD for various financial

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assets denominated in HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 808 (31 December 2016: approximately RMB 864) lower/higher.

XII Financial risk (Cont'd)**(1) Market risk (Cont'd)****(b) Interest rate risk**

The Group's interest rate risk mainly arises from long-term interest bearing borrowings including long-term borrowings, debentures payable and long-term payables. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2017, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB 21,013,983,110 (31 December 2016: RMB 25,139,493,682).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group determines the proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions, and performs periodic reviews and monitors to maintain appropriate combinations of fixed and floating rates. In 2017 and 2016, the Group did not hedge the interest rate risk with derivative financial instruments.

As at 31 December 2017, if interest rates on the floating rate borrowings had risen/fallen by 10 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB 18,043,307 (31 December 2016: rise/fall by 10 basis points, approximately RMB 19,208,821).

(2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank, accounts receivable, other receivables, etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at Yudean Finance, state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

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XII Financial risk (Cont'd)**(3) Liquidity risk**

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity dates below at their undiscounted contractual cash flows:

	31 December 2017					Carrying amount on balance sheet
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	
Short-term borrowings	9,539,414,580	-	-	-	9,539,414,580	9,270,000,000
Notes payable	297,611,800	-	-	-	297,611,800	297,611,800
Payables	6,235,796,966	-	-	-	6,235,796,966	6,235,796,966
Long-term borrowings and long-term borrowings due within one year	2,336,337,873	2,698,035,335	7,228,027,270	15,219,780,032	27,482,180,510	20,911,221,812
Debentures payable and debentures payable due within one year	1,234,393,699	21,700,000	743,400,000	-	1,999,493,699	1,896,103,687
Long-term payables	406,242,457	376,429,119	752,323,464	457,267,963	1,992,263,003	1,548,259,241
	<u>20,049,797,375</u>	<u>3,096,164,454</u>	<u>8,723,750,734</u>	<u>15,677,047,995</u>	<u>47,546,760,558</u>	<u>40,158,993,506</u>
	31 December 2016					Carrying amount on balance sheet
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	
Short-term borrowings	5,943,733,314	-	-	-	5,943,733,314	5,758,860,000
Notes payable	1,330,480,837	-	-	-	1,330,480,837	1,330,480,837
Payables	6,553,160,164	-	-	-	6,553,160,164	6,553,160,164
Other non-current liabilities	1,752,100,000	-	-	-	1,752,100,000	1,723,070,000
Long-term borrowings and long-term borrowings due within one year	2,215,133,043	2,201,693,415	7,235,020,086	15,854,820,433	27,506,666,977	20,878,646,844
Debentures payable and debentures payable due within one year	81,100,000	81,100,000	2,083,900,000	-	2,246,100,000	1,900,124,468
Long-term payables	591,752,787	405,242,457	1,002,131,561	572,555,653	2,571,682,458	2,360,722,370
	<u>18,467,460,145</u>	<u>2,688,035,872</u>	<u>10,321,051,647</u>	<u>16,427,376,086</u>	<u>47,903,923,750</u>	<u>40,505,064,683</u>

The Group's available financing credit lines under agreement with the financial institutions as at balance sheet date are as follows:

31 December 2017

31 December 2016

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Available financing credit lines under agreement with the financing institutions	<u>17,931,865,295</u>	<u>19,190,750,661</u>
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XIII Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Unobservable inputs for the asset or liability.

XIII Fair value estimates (Cont'd)**(1) Assets measured at fair value on a recurring basis**

As at 31 December 2017, the assets measured at fair value on a recurring basis by the above three levels were analysed below:

		Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
-					
Available-for-sale instruments	equity	408,992,985	-	-	408,992,985

As at 31 December 2016, the assets measured at fair value on a recurring basis by the above three levels were analysed below:

		Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
-					
Available-for-sale instruments	equity	419,736,308	-	-	419,736,308

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier, liquidity discount etc.

(2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

The Group's financial assets and liabilities measured at amortised cost mainly include receivables, short-term borrowings, payables, long-term borrowings, debentures payable and long-term payables, etc.

The carrying amount of the financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

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XIV Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group's total capital is calculated as 'owners' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As at 31 December 2017 and 2016, the Group's gearing ratios were listed below:

	31 December 2017	31 December 2016
Gearing ratio	<u>58.17%</u>	<u>58.49%</u>

XV Notes to the financial statements**(1) Accounts receivable**

	31 December 2017	31 December 2016
Accounts receivable	195,462,150	212,343,198
Less: Provision for bad debts	<u>-</u>	<u>-</u>
	<u>195,462,150</u>	<u>212,343,198</u>

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

	31 December 2017	31 December 2016
Within 1 year	<u>195,462,150</u>	<u>212,343,198</u>

As at 31 December 2017 and 31 December 2016, the Company did not have any accounts receivable overdue but not impaired.

(b) Accounts receivable are analysed by categories as follows:

	31 December 2017				31 December 2016			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Percentage (%)	Amount	% of total balance	Amount	Percentage (%)
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	195,462,150	100.00%	-	-	211,416,396	99.56%	-	-

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With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	-	-	-	-	926,802	0.44%	-	-
	195,462,150	100.00%	-	-	212,343,198	100.00%	-	-

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XV Notes to the financial statements(Cont'd)

(1) Accounts receivable(Cont'd)

- (c) As at 31 December 2017, the five largest accounts receivable aggregated by debtor were summarised and analysed as follows:

	Ending balance	Provision for bad debts	Percentage
Total balance of the five largest accounts receivable	195,462,150	-	-

(2) Other receivables

	31 December 2017	31 December 2016
Entrusted loans receivable	-	100,000,000
Petty cash receivable	901,951	313,648
Others	27,082,353	22,620,101
	<u>27,984,304</u>	<u>122,933,749</u>
Less: Provision for bad debts	-	-
	<u>27,984,304</u>	<u>122,933,749</u>

- (a) The ageing of other receivables is analysed as follows:

	31 December 2017	31 December 2016
Within 1 year	27,280,473	121,014,722
1 to 2 years	18,403	1,032,788
2 to 3 years	35,176	-
Over 3 years	650,252	886,239
	<u>27,984,304</u>	<u>122,933,749</u>

As at 31 December of 2017 and 2016, the Company were clear of significant overdue amount of other receivables with no provision for impairment.

- (b) Other receivables are analysed by categories as follows:

	31 December 2017				31 December 2016			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Percentage (%)	Amount	% of total balance	Amount	Percentage (%)
With amounts that are individually significant and that the related provision for bad	22,394,109	80.02%	-	-	115,767,023	94.17%	-	-

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debts is provided on the individual basis								
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	5,590,195	19.98%	-	-	7,166,726	5.83%	-	-
	27,984,304	100.00%	-	-	122,933,749	100%	-	-

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XV Notes to the financial statements (Cont'd)

(2) Other receivables (Cont'd)

(c) As at 31 December 2017, other receivables from top five debtors in respect of outstanding balance are summarised as follows:

	Nature	Balance	Ageing	Percentage in total balance of other receivables	Provision for bad debts
YUDEAN ENVIRONMENTAL	Sales of coal ash	22,394,109	Within 1 year	80.02%	-
Anxin Inspection	Advances	871,043	Within 1 year	3.11%	-
Guangdong Yudean Property Investment Co., Ltd.	Deposit	597,764	Within 1 year	2.14%	-
Guangdong Dongguan Fuel Branch, Sinopec Sales Co., Ltd.	Gas card deposit	350,000	Within 3 year	1.25%	-
Guangdong Yudean Property Management Co., Ltd.	Deposit	195,188	Within 1 year	0.70%	-
		<u>24,408,104</u>		<u>87.22%</u>	<u>-</u>

(3) Long-term equity investments

	31 December 2017	31 December 2016
Subsidiaries (a)	18,770,291,604	18,015,651,604
Joint ventures (b)	605,678,402	584,241,360
Associates (c)	<u>5,132,577,336</u>	<u>4,786,410,164</u>
Less: Long-term equity investments - provision for impairment of subsidiary (a)	<u>(1,138,134,640)</u>	<u>(489,567,215)</u>
	<u>23,370,412,702</u>	<u>22,896,735,913</u>

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XV Notes to the financial statements (Cont'd)

(3) Long-term equity investments (Cont'd)

(a) Subsidiaries

		Movements for the current year						
	31 December 2016	Increase in investment	Decrease in investment	Provision for impairment	Others	31 December 2017	Ending balance of provision for impairment	Declared cash dividends during the year
Zhanjiang Electric	2,185,334,400	-	-	-	-	2,185,334,400	-	84,122,835
Yuejia Electric	176,095,071	-	-	-	-	176,095,071	(455,584,267)	-
Maoming Zhenneng	687,458,978	-	-	-	-	687,458,978	-	10,570,227
Jinghai Power	1,930,395,668	-	-	-	-	1,930,395,668	-	244,244,446
Zhanjiang Wind Power	242,277,000	-	-	-	-	242,277,000	-	-
Zhongyue Energy	1,150,248,115	-	-	(187,248,115)	-	963,000,000	(187,248,115)	-
Humen Electric	56,017,052	-	-	(52,824,636)	-	3,192,416	(86,807,584)	-
Anxin Inspection	20,000,000	-	-	-	-	20,000,000	-	17,536,791
Bohe Coal	1,985,000,000	244,000,000	-	-	-	2,229,000,000	-	-
Pinghai Power	720,311,347	-	-	-	-	720,311,347	-	158,511,316
Red Bay	2,220,023,386	-	-	-	-	2,220,023,386	-	121,305,105
Huizhou Natural Gas	977,416,646	95,090,000	-	-	-	1,072,506,646	-	123,758,514
Guangqian Electric	1,353,153,223	-	-	-	-	1,353,153,223	-	220,357,088
Yuejiang Power	856,694,674	297,000,000	-	(408,494,674)	-	745,200,000	(408,494,674)	-
Huadu Natural Gas	78,000,000	108,550,000	-	-	-	186,550,000	-	-
Dapu Power	1,000,000,000	-	-	-	-	1,000,000,000	-	-
Sub-total	15,638,425,560	744,640,000	-	(648,567,425)	-	15,734,498,135	(1,138,134,640)	980,406,322

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XV Notes to the financial statements (Cont'd)

(3) Long-term equity investments (Cont'd)

(a) Subsidiaries (Cont'd)

		Movements for the current year				31 December 2017	Ending balance of provision for impairment loss	Declared cash dividends during the year
		31 December 2016	Increase in investment	Decrease in investment	Provision for impairment	Others		
Guangdong Wind Power		827,419,390	-	-	-	-	827,419,390	-
Leizhou Wind Power		80,800,000	-	-	-	-	80,800,000	-
Qujie Wind Power		231,750,000	-	-	-	-	231,750,000	-
Power Sales		230,000,000	-	-	-	-	230,000,000	50,000,000
Lincang Energy		427,689,439	-	-	-	-	427,689,439	-
Yongan Natural Gas		90,000,000	-	-	-	-	90,000,000	-
Tongdao Company		-	10,000,000	-	-	-	10,000,000	-
Sub-total		1,887,658,829	10,000,000	-	-	-	1,897,658,829	50,000,000
Total		17,526,084,389	754,640,000	-	(648,567,425)	-	17,632,156,964	(1,138,134,640)

Relevant information of the Company's subsidiaries is set out in Note VI.

Zhongyue Energy and Yuejiang Power have suffered from continued operating losses. Management of the Company respectively made provision for impairment of long-term equity investment amounting to RMB 187,248,115 and RMB 408,494,674 after assessing the recoverable amounts of this long-term equity investment on the basis of equity shares in Zhongyue Energy and Yuejiang Power.

In anticipation of the four generator units of Yuejia Electric to be shut down successively around 2016, the Company's management has provided for an impairment amounting to RMB 455,584,267 on the difference between the Company's entitlement in Yuejia Electric's equity and its investment costs in Yuejia Electric in 2009, 2011 and

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2013 after assessing the recoverable amounts of this long-term equity investment. As at 31 December 2017, the balance of impairment for long-term equity investments of Yuejia Electric was RMB 455,584,267 (2016: RMB 455,584,267).

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XV Notes to the financial statements (Cont'd)

(3) Long-term equity investments (Cont'd)

(a) Subsidiaries (Cont'd)

The 2×1000MW Ultra Supercritical Unit Engineering Project by the Company's holding subsidiary Guangdong Yudean Humen Electric Co., Ltd. has been implemented with pre-stage feasibility analysis, design, three supplies and one levelling and other preparations. The project is remaining stagnant affected by national industrial policies recent years, and the entire assets have indications of possible impairment. After the impairment test, provision for impairment loss of RMB 39,107,109 and RMB 87,911,775 has been made respectively in 2016 and 2017 for the project. After evaluating the recoverable amount of the long-term equity investment, the Company's management made the provision for impairment of Humen Electric amounting to RMB 86,807,584 according to the Company's equity proportion. As at 31 December 2017, the balance of provision for impairment of long-term investments of Humen Electric was RMB 86,807,584 (2016: RMB 33,982,948).

(b) Joint ventures

	Movements for the current year								31 December 2017	Ending balance of provision for impairment
	31 December 2016	Increase in investment	Decrease in investment	Share of net profit/(loss) under equity method	Adjustment to other comprehensive income	Others changes in equity	Cash dividends/profits declared	Provision for impairment		
Industry Fuel	584,241,360	-	-	80,668,157	-	-	(59,231,115)	-	605,678,402	-

© Associates

	Movements for the current year								31 December 2017	Ending balance of provision for impairment
	31 December 2016	Increase in investment	Decrease in investment	Share of net profit/(loss) under equity method	Adjustment to other comprehensive income	Others changes in equity	Cash dividends/profits declared	Provision for impairment		
Shanxi Yudean Energy	998,393,392	-	-	226,047,854	-	-	(8,000,000)	-	1,216,441,246	-
Yudean Finance	667,666,853	-	-	75,329,385	-	-	(42,295,033)	-	700,701,205	-
Taishan Electric	1,970,490,827	-	-	86,266,136	-	-	(95,281,354)	-	1,961,475,609	-

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Yudean Shipping	935,332,553	-	-	8,613,940	-	-	(2,188,557)	-	-	941,757,936	-
Western Investment	200,011,582	-	-	(46,314,869)	-	-	-	-	-	153,696,713	-
Jiangkeng Hydropower	5,991,055	-	-	616,304	-	-	(933,933)	-	-	5,673,426	-
Yangshan Zhongxinkeng Electric	8,523,902	-	-	684,457	-	-	(1,698,988)	-	-	7,509,371	-
Yudean Property Insurance	-	147,000,000	-	(1,678,170)	-	-	-	-	-	145,321,830	-
	<u>4,786,410,164</u>	<u>147,000,000</u>	<u>-</u>	<u>349,565,037</u>	<u>-</u>	<u>-</u>	<u>(150,397,865)</u>	<u>-</u>	<u>-</u>	<u>5,132,577,336</u>	<u>-</u>

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XV Notes to the financial statements (Cont'd)

(4) Revenue and cost of sales

	2017	2016
Revenue from main operations	2,069,432,698	2,003,442,330
Revenue from other operations	48,067,193	26,434,700
	<u>2,117,499,891</u>	<u>2,029,877,030</u>
	2017	2016
Cost of sales from main operations	2,014,615,189	1,632,941,869
Other operating expenses	4,520,324	15,319,659
	<u>2,019,135,513</u>	<u>1,648,261,528</u>

(a) Revenue and cost of sales from main operations:

	2017		2016	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Revenue from sales of electricity	2,055,641,237	2,004,239,952	1,995,549,884	1,626,804,586
Revenue from steam	13,791,461	10,375,237	7,892,446	6,137,283
	<u>2,069,432,698</u>	<u>2,014,615,189</u>	<u>2,003,442,330</u>	<u>1,632,941,869</u>

(b) Revenue and cost of sales from other operations

	2017		2016	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of materials	25,927,045	1,555,514	19,791,562	14,912,040
Rental income	4,852,933	21,077	5,182,165	234,605
Others	17,287,215	2,943,733	1,460,973	173,014
	<u>48,067,193</u>	<u>4,520,324</u>	<u>26,434,700</u>	<u>15,319,659</u>

(5) Assets impairment losses

	2017	2016
Impairment losses of long-term equity investment	648,567,425	33,982,948
Impairment losses of available-for-sale financial assets	25,010,686	-
Impairment losses of construction in progress	-	5,802,000
Impairment losses of fixed assets	-	45,937,259

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	673,578,111	85,722,207
(6) Investment income		
	2017	2016
Income from long-term equity investments under cost method	1,030,406,322	1,849,743,271
Gain from long-term equity investments under equity method	430,233,195	286,517,653
Investment income obtained from available-for-sale financial assets during the holding period	52,319,444	50,151,450
Interest income from entrusted loans	17,688,957	19,963,211
Others	359,463	256,276
	<u>1,531,007,381</u>	<u>2,206,631,861</u>

There is no significant restriction for remittance of return on investment for the Group.

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I Statement of non-recurring profit or loss

	2017	2016
Losses on disposal of non-current assets	4,720,404	3,723,321
Government grants recognised in profit or loss for the current period	(41,344,595)	(19,074,097)
Tax, overdue fine, and penalty paid after tax inspection	7,274,913	125,842,425
Expenditure of resettlement of early retired employees due to combination	-	59,541,635
Non-operating (income)/expenses other than aforesaid items	(6,502,013)	104,916,156
	(35,851,291)	274,949,440
Effect of income tax	10,104,459	18,950,258
Effect on minority interests after taxation	1,020,520	(155,736,881)
	(24,726,312)	138,162,817

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the *Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profit or Loss (2008)* issued by China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from transactions and events that are not directly related to the company's normal course of business and that are related to the company's normal course of business and have impact on the right judgement of the company's operation performance and profitability of users of the financial statements due to special nature and occasional occurrence.

II Return on net assets and earnings per share

	Weighted average return on net asset(%)		Earnings per share			
	2017	2016	Basic earnings per share		Diluted earnings per share	
	2017	2016	2017	2016	2017	2016
Net profit attributable to ordinary shareholders of the Company	3.16%	3.99%	0.14	0.18	0.14	0.18
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.06%	4.58%	0.14	0.20	0.14	0.20

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III Differences of accounting data under Chinese and foreign accounting policies

Differences in net profit and net assets attributable to the shareholdings of the company included in the consolidated financial statement prepared under the International Financial Reporting Standards (IFRSs) and the China Accounting Standards (CASs) are as follows:

	Net profit		Net assets	
	2017	2016	2017	2016
Under the CASs	743,180,431	936,534,941	23,695,190,653	23,378,847,225
Items and amounts adjusted under the IFRSs				
a. Difference in recognition of goodwill on business combination under common control	-	-	64,623,000	64,623,000
b. Difference in recognition of land use value upon business combination	(630,000)	(630,000)	18,230,000	18,860,000
c. Impact on minority interests	54,120	54,120	4,756,099	4,701,979
Under the IFRSs	<u>742,604,551</u>	<u>935,959,061</u>	<u>23,782,799,752</u>	<u>23,467,032,204</u>

- (a) Difference in recognition of goodwill on business combination under common control and difference in recognition of land use value upon business combination

Under the requirement of new CASs, goodwill arising from business combination under common control should not be recognised and capital reserve should be adjusted accordingly; whereas under the requirement of IFRSs, goodwill arising from business combination under common control should be recognised and it represents the excess on acquisition costs over the share of identifiable fair value of net asset from the acquiree on business combination. All assets obtained from the acquiree on business combination should be measured on their fair values. The measurement of the two standards will continue to show a difference.

- (b) Impact on minority shareholders

The above mentioned difference in recognition of land use value upon business combination exists in the Company and some holding subsidiaries, thus causes effect against minority interests.

XII. Documents for reference

1. Financial statements bearing the seal and signature of legal representative, financial controller and the person in charge of the accounting organ;
2. Original audit report seal with accounting firms and signature and seal from CPA;
3. All original copies of official documents and notices, which were disclosed in Securities Times, China Securities and Hong Kong Commercial Daily (Both English and Chinese version);
4. Chinese Version of the annual report

The documents mentioned above are kept in office, and are ready for reference at any time (except public holidays, Saturday and Sunday).