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龍源電力集團股份有限公司

CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

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

(Stock Code: 00916)

Results Announcement For The Year Ended 31 December 2016

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2016, revenue amounted to RMB22,304 million, representing an increase of 13.3% over last year
- For the year ended 31 December 2016, profit before taxation amounted to RMB5,150 million, representing an increase of 10.3% over last year
- For the year ended 31 December 2016, net profit attributable to equity holders of the Company amounted to RMB3,549 million, representing an increase of 23.3% over last year
- For the year ended 31 December 2016, earnings per share amounted to RMB0.4250, representing an increase of RMB0.0668 over last year

The board of directors (the “**Board**”) of China Longyuan Power Group Corporation Limited* (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2016, together with comparative figures for the corresponding period in 2015. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622).

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

FOR THE YEAR ENDED 31 DECEMBER 2016

(Expressed in Renminbi unless otherwise stated)

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Revenue	4	22,304,055	19,683,064
Other net income	5	646,562	449,603
Operating expenses			
Depreciation and amortisation		(6,342,234)	(5,578,169)
Coal consumption		(1,702,125)	(1,377,869)
Coal sales costs		(3,409,614)	(2,142,213)
Service concession construction costs		(541,208)	(661,804)
Personnel costs		(1,602,679)	(1,422,434)
Material costs		(216,318)	(331,055)
Repairs and maintenance		(641,905)	(531,225)
Administration expenses		(429,290)	(372,587)
Other operating expenses		(517,725)	(583,727)
		(15,403,098)	(13,001,083)
Operating profit		7,547,519	7,131,584
Finance income		211,449	203,703
Finance expenses		(2,985,228)	(3,242,226)
Net finance expenses	6	(2,773,779)	(3,038,523)

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i> <i>(restated –</i> <i>note 14)</i>
Share of profits less losses of associates and joint ventures		<u>376,163</u>	<u>575,506</u>
Profit before taxation	7	5,149,903	4,668,567
Income tax	8	<u>(660,182)</u>	<u>(600,952)</u>
Profit for the year		<u>4,489,721</u>	<u>4,067,615</u>
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation of senior perpetual securities		–	107,857
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
net movement in the fair value reserve		18,403	447
Exchange difference on translation of financial statements of overseas subsidiaries		(40,562)	(99,697)
Exchange difference on net investment		<u>(7,521)</u>	<u>(241,358)</u>
Other comprehensive income for the year, net of tax	9	<u>(29,680)</u>	<u>(232,751)</u>
Total comprehensive income for the year		<u>4,460,041</u>	<u>3,834,864</u>

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i> <i>(restated –</i> <i>note 14)</i>
Profit attributable to:			
Equity holders of the Company			
– Shareholders		3,415,378	2,878,277
– Perpetual medium-term note holders		133,200	–
Non-controlling interests		941,143	1,189,338
		<u>4,489,721</u>	<u>4,067,615</u>
Profit for the year		4,489,721	4,067,615
Total comprehensive income			
attributable to:			
Equity holders of the Company			
– Shareholders		3,348,142	2,537,669
– Perpetual medium-term note holders		133,200	–
Non-controlling interests		978,699	1,297,195
		<u>4,460,041</u>	<u>3,834,864</u>
Total comprehensive income for the year		4,460,041	3,834,864
Basic and diluted earnings per share			
<i>(RMB cents)</i>	10	42.50	35.82

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

(Expressed in Renminbi unless otherwise stated)

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i> <i>(restated –</i> <i>note 14)</i>
Non-current assets			
Property, plant and equipment		105,598,261	98,996,736
Investment properties		4,244	4,561
Lease prepayments		2,136,798	2,002,826
Intangible assets		8,798,494	8,687,766
Goodwill		61,490	11,541
Investments in associates and joint ventures		4,482,852	4,822,038
Other assets		4,095,386	6,483,121
Deferred tax assets		150,592	155,085
		<hr/>	<hr/>
Total non-current assets		125,328,117	121,163,674
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		1,039,850	1,080,676
Trade debtors and bills receivable	11	5,901,031	4,242,642
Prepayments and other current assets		3,644,222	3,070,315
Tax recoverable		179,310	169,716
Other financial assets		634,887	865,836
Restricted deposits		28,054	387,133
Cash at bank and on hand		1,905,222	2,887,285
		<hr/>	<hr/>
Total current assets		13,332,576	12,703,603
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i> <i>(restated –</i> <i>note 14)</i>
Current liabilities			
Borrowings		44,472,149	44,976,909
Trade creditors and bills payable	12	2,549,737	1,902,386
Other current liabilities		8,570,547	8,965,076
Obligations under finance leases		39,000	–
Tax payable		175,975	155,746
		<u>55,807,408</u>	<u>56,000,117</u>
Net current liabilities		<u>(42,474,832)</u>	<u>(43,296,514)</u>
Total assets less current liabilities		<u>82,853,285</u>	<u>77,867,160</u>
Non-current liabilities			
Borrowings		31,326,998	29,969,856
Obligations under finance leases		461,000	–
Deferred income		1,684,507	1,791,775
Deferred tax liabilities		138,085	106,073
Other non-current liabilities		1,456,444	1,425,141
		<u>35,067,034</u>	<u>33,292,845</u>
NET ASSETS		<u>47,786,251</u>	<u>44,574,315</u>

	<i>Note</i>	2016 RMB'000	2015 <i>RMB'000</i> <i>(restated –</i> <i>note 14)</i>
CAPITAL AND RESERVES			
Share capital		8,036,389	8,036,389
Perpetual medium-term note		2,991,000	2,991,000
Reserves		29,862,388	27,108,409
		<hr/>	<hr/>
Total equity attributable to equity holders of the Company		40,889,777	38,135,798
Non-controlling interests		6,896,474	6,438,517
		<hr/>	<hr/>
TOTAL EQUITY		47,786,251	44,574,315
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NOTES

1 STATEMENT OF COMPLIANCE

These financial statements set out in this report have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable International Financial Reporting Standards, International Accounting Standards (“IAS”) and interpretations promulgated by the International Accounting Standards Board (the “IASB”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2016 comprise the Group and its interest in associates and joint ventures.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2016 amounting to RMB42,474,832,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure.

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

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

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

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments:

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

The Group combined other business activities that are not reportable in "All others". Revenue included in this category is mainly from manufacturing and sales of power equipment, provision of consulting services, maintenance and training services to wind power plants, and other renewable power generation.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and joint ventures, available-for-sale investments, unquoted equity investments, trading securities, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include trade creditors, bills payable, other payables and bank borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated corporate expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below:

For the year ended 31 December 2016

	Wind power <i>RMB'000</i>	Coal power <i>RMB'000</i>	All others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers				
– Sales of electricity	13,891,059	3,009,803	466,271	17,367,133
– Others	58,936	4,259,699	77,079	4,395,714
Subtotal	13,949,995	7,269,502	543,350	21,762,847
Inter-segment revenue	–	–	588,301	588,301
Reportable segment revenue	13,949,995	7,269,502	1,131,651	22,351,148
Reportable segment profit (operating profit)	6,609,340	896,265	167,335	7,672,940
Depreciation and amortisation before inter-segment elimination	(5,815,393)	(371,257)	(189,121)	(6,375,771)
Reversal of impairment losses of trade and other receivables	2,214	–	9,320	11,534
Reversal/(provision) of impairment losses of property, plant and equipment and lease prepayments	(1,977)	–	94,069	92,092
Interest income	38,816	14,994	82,630	136,440
Interest expense	(2,521,971)	(67,050)	(148,996)	(2,738,017)
Reportable segment assets	123,099,458	6,845,431	15,725,834	145,670,723
Expenditures for reportable segment non-current assets during the year	12,452,707	367,426	241,264	13,061,397
Reportable segment liabilities	84,292,760	3,761,889	18,970,306	107,024,955

For the year ended 31 December 2015 (restated – note 14)

	Wind power <i>RMB'000</i>	Coal power <i>RMB'000</i>	All others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers				
– Sales of electricity	12,317,792	3,139,048	433,988	15,890,828
– Others	47,338	2,756,628	326,466	3,130,432
Subtotal	12,365,130	5,895,676	760,454	19,021,260
Inter-segment revenue	–	–	1,146,128	1,146,128
Reportable segment revenue	12,365,130	5,895,676	1,906,582	20,167,388
Reportable segment profit (operating profit)	5,992,290	1,133,464	150,878	7,276,632
Depreciation and amortisation before inter-segment elimination	(5,035,564)	(400,264)	(174,580)	(5,610,408)
Reversal of impairment losses of trade and other receivables	–	–	2,152	2,152
Impairment losses of property, plant and equipment	(324)	–	–	(324)
Interest income	21,888	19,320	82,340	123,548
Interest expense	(2,419,357)	(59,667)	(329,283)	(2,808,307)
Reportable segment assets	116,270,117	6,025,322	18,532,330	140,827,769
Expenditures for reportable segment non-current assets during the year	15,504,483	423,402	264,957	16,192,842
Reportable segment liabilities	81,212,821	3,907,830	21,534,680	106,655,331

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Revenue		
Reportable segment revenue	22,351,148	20,167,388
Service concession construction revenue	541,208	661,804
Elimination of inter-segment revenue	(588,301)	(1,146,128)
	<hr/>	<hr/>
Consolidated revenue	<u>22,304,055</u>	<u>19,683,064</u>
Profit		
Reportable segment profit	7,672,940	7,276,632
Elimination of inter-segment profits	14,096	6,279
	<hr/>	<hr/>
	7,687,036	7,282,911
Share of profits less losses of associates and joint ventures	376,163	575,506
Net finance expenses	(2,773,779)	(3,038,523)
Unallocated head office and corporate expenses	(139,517)	(151,327)
	<hr/>	<hr/>
Consolidated profit before taxation	<u>5,149,903</u>	<u>4,668,567</u>

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Assets		
Reportable segment assets	145,670,723	140,827,769
Inter-segment elimination	(8,522,130)	<u>(8,457,297)</u>
	137,148,593	132,370,472
Investments in associates and joint ventures	4,482,852	4,822,038
Available-for-sale investments	47,382	22,093
Unquoted equity investments	726,273	721,024
Other financial assets	634,887	792,741
Tax recoverable	179,310	169,716
Deferred tax assets	150,592	155,085
Unallocated head office and corporate assets	55,865,742	51,378,497
Elimination	(60,574,938)	<u>(56,564,389)</u>
Consolidated total assets	<u>138,660,693</u>	<u>133,867,277</u>
Liabilities		
Reportable segment liabilities	107,024,955	106,655,331
Inter-segment elimination	(8,213,110)	<u>(8,133,641)</u>
	98,811,845	98,521,690
Tax payable	175,975	155,746
Deferred tax liabilities	138,085	106,073
Unallocated head office and corporate liabilities	52,323,475	47,073,842
Elimination	(60,574,938)	<u>(56,564,389)</u>
Consolidated total liabilities	<u>90,874,442</u>	<u>89,292,962</u>

(c) Geographical information

As the Group does not have material operations outside the People's Republic of China ("PRC"), no geographic segment reporting is presented.

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB17,170,077,000 for the year ended 31 December 2016 (2015 (restated – note 14): RMB15,876,247,000). Service concession construction revenue is all from the PRC government.

4 REVENUE

The amount of each significant category of revenue recognised during the year is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Sales of electricity	17,367,133	15,890,828
Sales of steam	503,825	261,621
Service concession construction revenue	541,208	661,804
Sales of electricity equipment	25,218	167,525
Sales of coal	3,532,313	2,269,368
Others	334,358	431,918
	<u>22,304,055</u>	<u>19,683,064</u>

5 OTHER NET INCOME

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Government grants	502,812	409,141
Rental income from investment properties	5,697	5,679
Net loss on disposal of plant, property and equipment and lease prepayments	(1,314)	(1,505)
Penalty income from wind turbine suppliers	114,811	4,220
Others	24,556	32,068
	646,562	449,603

6 FINANCE INCOME AND EXPENSES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Interest income on financial assets	136,440	123,548
Foreign exchange gains	36,618	2,942
Net realised and unrealised gains on other financial assets	–	24,908
Dividend income from other investments	38,391	52,305
Finance income	211,449	203,703

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Interest on bank and other borrowings wholly repayable within five years	2,290,664	2,692,159
Interest on bank and other borrowings repayable more than five years	745,349	754,591
Finance charges on obligations under finance leases	23,207	–
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	(321,203)	(638,443)
	2,738,017	2,808,307
Foreign exchange losses	197,766	553,442
Net realised and unrealised gains on derivative financial instruments	(107,192)	(151,404)
Net foreign exchange losses	90,574	402,038
Net realised and unrealised losses on trading securities	22,560	4,885
Net unrealised losses on derivative financial instruments	40,763	–
Bank charges and others	93,314	26,996
Finance expenses	2,985,228	3,242,226
Net finance expenses recognised in profit or loss	(2,773,779)	(3,038,523)

The borrowing costs have been capitalised at rates of 2.85% to 6.55% per annum for the year ended 31 December 2016 (2015: 2.90% to 7.15%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Salaries, wages and other benefits	1,408,270	1,252,617
Contributions to defined contribution retirement plan	194,409	169,817
	<u>1,602,679</u>	<u>1,422,434</u>

(b) Other items

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Amortisation		
– lease prepayment	78,373	76,063
– intangible assets	458,218	437,339
Depreciation		
– investment properties	317	317
– property, plant and equipment	5,805,326	5,064,450
(Reversal)/provision of impairment losses		
– property, plant and equipment	(87,931)	324
– lease prepayments	(4,161)	–
– trade and other receivables	(11,534)	(2,152)
Auditors' remuneration-audit services		
– annual audit service	20,100	20,100
– interim review service	6,500	6,500

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(restated – note 14)</i>
Operating lease charges		
– hire of plant and equipment	1,932	2,425
– hire of properties	27,219	21,629
Cost of inventories	5,497,533	4,013,584

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(restated – note 14)</i>
Current tax		
Provision for the year	630,848	592,915
Under provision in respect of prior years	13,303	9,137
	644,151	602,052
Deferred tax		
Origination and reversal of temporary differences	16,031	(1,100)
	660,182	600,952

Notes:

- (i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2015 and 2016, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year.

- (ii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong Profits Tax at 16.5%. Pursuant to the rules and regulations of the British Virgin Islands (“BVI”), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2016	2015
	RMB'000	RMB'000
		<i>(restated – note 14)</i>
Profit before taxation	5,149,903	4,668,567
Notional tax on profit before taxation	1,286,961	1,169,068
Tax effect of non-deductible expenses	4,881	7,582
Tax effect of share of profits less losses of associates and joint ventures	(94,041)	(143,877)
Tax effect of non-taxable income	(9,598)	(13,076)
Effect of differential tax rate of certain subsidiaries of the Group	(630,106)	(637,627)
Use of unrecognised tax losses in prior years	(22,134)	(1,014)
Tax effect of unused tax losses and timing differences not recognised	111,659	209,457
Under provision in respect of prior years	13,303	9,137
Others	(743)	1,302
Income tax	660,182	600,952

9 OTHER COMPREHENSIVE INCOME

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Items that will not be reclassified to profit or loss:		
Exchange difference on translation of senior perpetual securities	–	107,857
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Net movement in fair value reserve		
– Before tax amount		
Change in fair value recognised during the year	24,538	596
– Tax expense	(6,135)	(149)
Net of tax amount	18,403	447
Exchange differences on translation of financial statements of overseas subsidiaries	(40,562)	(99,697)
Exchange difference on net investment		
– Before and net of tax amount	(7,521)	(241,358)
Other comprehensive income	<u>(29,680)</u>	<u>(232,751)</u>

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2016 of RMB3,415,378,000 (2015 (restated – note 14): RMB2,878,277,000) and the number of shares in issue during the year ended 31 December 2016 of 8,036,389,000 (2015: 8,036,389,000).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

11 TRADE DEBTORS AND BILLS RECEIVABLE

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Amounts due from third parties	5,870,888	4,177,508
Amounts due from fellow subsidiaries	22,940	34,195
Amounts due from associates	17,634	36,941
	5,911,462	4,248,644
Less: Allowance for doubtful debts	(10,431)	(6,002)
	<u>5,901,031</u>	<u>4,242,642</u>

The ageing analysis of trade debtors and bills receivable of the Group is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i> <i>(restated – note 14)</i>
Current	5,903,437	4,240,428
Past due within 1 year	2,456	1,999
Past due between 1 to 2 years	1,999	1,449
Past due between 2 to 3 years	1,015	1,109
Past due over 3 years	2,555	3,659
	5,911,462	4,248,644
Less: Allowance for doubtful debts	(10,431)	(6,002)
	<u>5,901,031</u>	<u>4,242,642</u>

The Group's trade debtors are mainly wind power and other renewable energy electricity sales receivable from local grid companies. Generally, the debtors are due within 15 to 30 days from the date of billing, except for the tariff premium, representing 15% to 80% of total electricity sales collected by certain power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance, the National Development and Reform Commission (“NDRC”) and the National Energy Administration (“NEA”) in March 2012, standardised procedures for the settlement of the tariff premium come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2016, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval.

12 TRADE CREDITORS AND BILLS PAYABLE

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Bills payable	1,925,791	1,597,602
Creditors and accrued charges	191,225	271,293
Amounts due to associates	399,378	–
Amounts due to fellow subsidiaries	33,343	33,491
	<u>2,549,737</u>	<u>1,902,386</u>

As at 31 December 2016 and 2015, all trade creditors and bills payable are payable and expected to be settled within one year.

13 DIVIDENDS

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB0.0850 per share (2015: RMB0.0717)	<u>683,093</u>	<u>576,209</u>

The directors of the Company resolved on 14 March 2017 that a dividend of RMB0.0850 per share is to be distributed to the shareholders for 2016, subject to approval of the shareholders at the coming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2015, approved during the year, of RMB0.0717 per share (year ended 31 December 2014: RMB0.0597 per share)	576,209	479,772

14 ACQUISITION OF BUSINESS

During the year ended 31 December 2016, the Group acquired Shanxi Guodian Jinke Wind Power Generation Co., Ltd. (“**Shanxi Jinke**”), which engages in wind power business from a fellow subsidiary, Guodian Shanxi Jieneng Co., Ltd. (“**Guodian Shanxi Jieneng**”) and acquired three companies engaging in heat sales business from third parties. Details are as follows:

Business name	Acquisition date	Percentage of interest acquired	Cash consideration
Shanxi Jinke	October 2016	52%	RMB17,954,000
Jiangyin Binjiang Heat and Power Generating Co., Ltd. (“ Jiangyin Binjiang ”)	December 2015	70%	RMB85,200,000
Jiangyin Chengdong Heat and Power Generating Co., Ltd. (“ Jiangyin Chengdong ”)	December 2015	70%	RMB34,400,000
Nantong Xinxing Heat and Power Generating Co., Ltd. (“ Nantong Xinxing ”)	August 2016	90%	RMB200,000,000

(i) **Acquisition of Shanxi Jinke**

As Shanxi Jinke was acquired from a fellow subsidiary of the Group, which is under common control of China Guodian Corporation (“**Guodian Group**”), the Group accounted the acquisition as a business combination under common control. Details of the restatement of the Group’s consolidated financial statements are as follows:

	As previously reported <i>RMB’000</i>	Acquired business <i>RMB’000</i>	Elimination <i>RMB’000</i>	As restated <i>RMB’000</i>
Results of operations for the year ended 31 December 2015:				
Operating profit	7,125,438	6,146	–	7,131,584
Profit for the year	4,076,430	(8,815)	–	4,067,615
Profit attributable to:				
– Equity holders of the Company	2,880,615	(8,815)	6,477	2,878,277
– Non-controlling interests	1,195,815	–	(6,477)	1,189,338
Basic and diluted earnings per share (<i>RMB cents</i>)	35.84	(0.02)	–	35.82
Statement of financial position as at 31 December 2015:				
Non-current assets	120,776,331	387,343	–	121,163,674
Current assets	12,696,622	6,981	–	12,703,603
Current liabilities	55,647,473	352,644	–	56,000,117
Non-current liabilities	33,292,845	–	–	33,292,845
Total equity attributable to the equity holders of the Company	38,099,785	41,680	(5,667)	38,135,798
Non-controlling interests	6,432,850	–	5,667	6,438,517

The carrying amount of aggregate assets and liabilities at the date of acquisition is as follows:

	Acquired business RMB'000
Net assets as at the acquisition date	
Non-current assets	367,606
Current assets	8,777
Current liabilities	<u>(339,218)</u>
Net assets	<u><u>37,165</u></u>

At the date of acquisition, the cash and cash equivalents held by the acquired business amounted to RMB1,355,000.

(ii) Acquisition of Jiangyin Binjiang, Jiangyin Chengdong and Nantong Xinxing

The revenue and profit or loss of the acquired business since the acquisition date are as follows:

Business name	Revenue RMB'000	Profit RMB'000
Jiangyin Binjiang	195,071	5,628
Jiangyin Chengdong	98,229	3,936
Nantong Xinxing	20,688	654

If the acquisition of above three companies had occurred on 1 January 2016, management estimates that consolidated revenue would have been RMB22,353,705,000 and consolidated profit for the year would have been RMB4,481,351,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

The aggregate assets and liabilities at the date of acquisition are as follows:

	At the acquisition date					
	Jiangyin Binjiang		Jiangyin Chengdong		Nantong Xinxing	
	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	24,337	24,337	80,184	80,184	38,831	38,831
Trade debtors and bills receivable	14,988	14,988	1,899	1,899	13,558	13,558
Prepayments and other current assets	3,286	3,286	2,488	2,488	20,436	20,420
Inventory	4,159	2,904	429	429	4,709	4,740
Property, plant and equipment	95,367	95,237	20,634	6,615	76,631	100,848
Lease prepayments	748	30,444	-	-	7,283	29,290
Deferred tax assets	7,890	-	400	3,505	-	-
Less: Current liabilities	(54,121)	(53,998)	(53,455)	(53,455)	(15,188)	(15,188)
	96,654	117,198	52,579	41,665	146,260	192,499
Less: Deferred tax liabilities	-	(6,288)	-	-	-	(11,556)
Identifiable net assets	<u>96,654</u>	<u>110,910</u>	<u>52,579</u>	<u>41,665</u>	<u>146,260</u>	<u>180,943</u>

Goodwill arising from the business acquisition has been recognised as follows:

	Jiangyin Binjiang	Jiangyin Chengdong	Nantong Xinxing
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Consideration	85,200	34,400	200,000
Non-controlling interests, based on their proportionate in interest in the recognised amounts of the assets and liabilities of acquired business	33,273	12,500	18,094
Fair value of identifiable net assets	<u>(110,910)</u>	<u>(41,665)</u>	<u>(180,943)</u>
Goodwill	<u>7,563</u>	<u>5,235</u>	<u>37,151</u>

The goodwill is mainly attributable to the synergies expected to be achieved from integrating the three companies into the Group's existing coal power business. None of the goodwill recognised is expected to be deductible for tax purpose.

An analysis of the net outflow/(inflow) of cash and cash equivalents in respect of the acquisition of the subsidiaries is as follows:

	Jiangyin Binjiang <i>RMB'000</i>	Jiangyin Chengdong <i>RMB'000</i>	Nantong Xinxing <i>RMB'000</i>
Consideration	85,200	34,400	200,000
Less: Cash and cash equivalents acquired	<u>(24,337)</u>	<u>(80,184)</u>	<u>(38,831)</u>
Net outflow/(inflow) of cash and cash equivalents in respect of the acquisition	<u><u>60,863</u></u>	<u><u>(45,784)</u></u>	<u><u>161,169</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

(The following information disclosure was based on financial information prepared in accordance with IFRSs unless otherwise specified)

I. INDUSTRY REVIEW

Operational Environment

Currently, the world economy is still undergoing in-depth adjustment, while China's economy as a whole is stabilizing from slow-down and showing an upward trend. The economy is operating within a reasonable range, with continually improving quality and efficiency. However, China's economy still faces prominent contradictions and problems in the process of operation, such as intense conflicts between excess capacity and upgrading of demand structure and insufficient endogenous driving force for economic growth, etc. China's economic development has entered a new normality. Under the combined effect of international and domestic factors such as the change in international economic environment, gearing-down of China's economic growth, adjustment of economic structure and shift of driving forces, the power market embarked on a course of "Double Reductions and Double Lows" ("雙降雙低"), i.e. reduction of tariffs and reduction of utilization hours, and low power growth and low power load, indicating fiercer market competition in the future.

In 2016, China's electricity consumption is featured with a year-on-year increase in its growth rate, continuous shift of driving forces and further adjustment to the consumption structure. According to the Annual Statistics of China Power Industry 2016 (《2016年全國電力工業統計快報》) issued by the China Electricity Council, the power consumption across the country was 5,919.8 billion kWh in 2016, representing an increase of 5.0% year-on-year. The total electrical output in 2016 reached 5,989.7 billion kWh, representing an increase of 5.2% year-on-year. Under the effect of factors including a stable and upward operation of real economy, hot weather in the summer and a low base quota in the corresponding period of the previous year, power consumption in the third and fourth quarters of the year enjoyed a relatively faster growth. In particular, power consumption in the tertiary industry continued to grow at a relatively high speed, indicating the prominent role of consumption in the service sector in the development of our national economy; in terms of manufacturing industry, the top four energy-intensive sectors recorded a year-on-year nil increase in the aggregate power consumption than that of 2015 while the equipment manufacturing, the emerging technology industries and mass consumables maintained a strong growth momentum, which indicates further effects of the structural adjustment and transformation and upgrading in the manufacturing industries and an increasingly optimized structure of power consumption. As at the end of 2016, the power generation installed capacity across the country reached 1,645,746 MW, representing an increase of 8.2% year-on-year. The power supply and

demand across the country is further eased, with excess in certain areas. From the locational perspective, the power supply and demand in North China maintained balance on the whole, the power supply and demand in East China, Central China and southern areas was at ease on the whole while Northeast and Northwest regions recorded an excess in power supply capacity.

In 2016, the power generation from non-fossil fuels of the country increased continuously and rapidly. To be specific, wind power generation reached 241.0 billion kWh, representing 4.0% of the total national power generation and an increase of 0.8 percentage point in terms of the percentage in national power generation as compared to last year. The national wind power utilisation hours reached 1,742 hours, representing an increase of 18 hours over last year. The newly installed capacity of wind power reached 18,725 MW, representing 15.5% of the national newly installed capacity and a decrease of 8.3 percentage points in terms of the percentage in national installed capacity as compared to last year. The installed capacity of wind power as at the end of 2016 reached 148,643 MW.

Policy Factors

In February 2016, the NEA issued the Notice in Relation to Work for Renewable Energy Consumption in “Three-North” Areas (《關於做好「三北」地區可再生能源消納工作的通知》) and in March 2016, the Guidance on Establishment of Guidance System on Development and Utilisation Targets for Renewable Energy (《關於建立可再生能源開發利用目標引導制度的指導意見》) was subsequently published on the website of the NEA. The two documents request the implementation of the regulations on prioritized renewable energy power generation, and set out the goals of percentage of power generation from non-hydro renewable energy in the total energy consumption of each province. Besides, it is required that, apart from the enterprises specialised in power generation from non-fossil energy, the power generation from non-hydro renewable energy of each enterprise shall account for over 9% of the total power generation by 2020 and it is proposed to establish a green certification system to provide additional subsidy approach for the development of wind power and other renewable energy.

In March 2016, the NEA issued the Notice on Promoting the Consumption of Wind Power in 2016 (《關於做好2016年度風電消納工作有關要求的通知》), requiring local authorities to fully understand the importance and urgency of grid connection and consumption of wind power, strictly control the construction pace of all types of power generation projects in the regions with severe wind power curtailment, earnestly implement the policy for guaranteed purchase of all power generated from renewable energy and actively explore the consumption channels and potentials of wind power.

In March 2016, the NEA issued the Notice on Guidance Opinions on Work for Energy Sector in 2016 (《關於做好2016年能源工作指導意見的通知》), requiring relevant authorities to vigorously develop non-fossil energy sources and steadily develop wind power. According to the document, China aims to promote the healthy development of wind power sector in the “Three North” areas, and encourage a faster development of wind power sector in central eastern as well as southern regions of China. By promoting the planning and construction of renewable energy generation bases in Zhundong, Ximeng and northern area of Shanxin and Zhangjiakou Phase III project, it aims to increase the export proportion of electricity generated from new energy. Furthermore, the document calls for efforts to solve the technical bottlenecks and institutional obstacles in the development of offshore wind power, so as to promote the healthy and sustainable development of offshore wind power.

In March 2016, the NDRC issued the Administrative Measures on Guaranteed Purchase of All Electricity Generated from Renewable Energy (《可再生能源發電全額保障性收購管理辦法》), which proposes to establish the regulations on guaranteed purchase of all power generated from renewable energy. It aims to seek a thorough solution to the bottlenecks hindering the healthy development of China’s renewable energy sector through practical institutional arrangements. The document has positive impact on the sustainable development of China’s renewable energy sector, the fulfillment of China’s commitment to emissions reductions in response to climate change, as well as promotion of energy restructuring and energy revolution.

In April 2016, the NEA issued the Letter of Consultation Invitation of the NEA Comprehensive Department with Respect to the Notice Regarding Requirements of Establishing Assessment System on Power Generation Quota for Non-hydro Renewable Energy of Coal-fired Thermal Power Generating Units (《國家能源局綜合司關於徵求建立燃煤火電機組非水可再生能源發電配額考核制度有關要求通知意見的函》). Pursuant to which, power generation licenses of coal-fired power generation enterprises that fail to meet the power generation quota for non-hydro renewable energy will be revoked. By 2020, the power generation quota for non-hydro renewable energy of all coal-fired power generation enterprises in China shall account for more than 15% of the coal-fired power generation.

In May 2016, the NDRC and NEA jointly issued the Notice on Guaranteed Purchase of All Electricity Generated from Wind Power and Solar Power (《關於做好風電、光伏發電全額保障性收購管理工作的通知》), specifying that “the minimum guaranteed purchased utilization hours of wind power and photovoltaic power farms on an annual basis in the regions with curtailment of wind power and photovoltaic energy will be determined based on the local benchmark on-grid tariffs with reference to the permitted cost plus a reasonable markup”. Meanwhile, the document also puts forward the solution for failure to meet the annual minimum guaranteed purchased utilization hours, namely “to compensate

the power curtailment falling within the guaranteed purchase”, and specifies that it is strictly prohibited to acquire power generation rights through payments by renewable power projects to coal-fired and other power source projects in respect of the guaranteed electricity.

In July 2016, the NEA issued the Notice on Establishment of Monitoring and Early Warning Mechanism to Promote the Sustained and Sound Development of Wind Power Industry (《關於建立監測預警機制促進風電產業持續健康發展的通知》), which divides the indicator system of the monitoring and early warning mechanism for investment in wind power into three categories, i.e. policy, resources and operation, and economy, including grid curtailment rate, average utilisation hours, loss rate of local wind power enterprises and other specific parameters. There are three levels of early warning, which are red, orange and green in a descending order. The early warning results will affect the normal progress of wind power development and construction in the province concerned in the current year. In 2016, the risk early warning is red in five provinces, i.e. Jilin, Heilongjiang, Gansu, Ningxia and Xinjiang. The early warning mechanism plays a proactive and promoting role in reasonable planning of national wind power development scheme, alleviating wind power curtailment, and implementing the policy of minimum guaranteed utilisation hours.

In July 2016, the NDRC and NEA jointly issued the Tentative Measures for Prioritized Generation of Power by Renewable Energy Peak-Shaving Units (《可再生能源調峰機組優先發電試行辦法》), stating that power grid companies and power generation companies across the country may, on a voluntary basis and through mutual agreement, specify a certain number of power generating units to serve as peak-shaving units which shall be given priority in power generation. The planned power generation of the peak-shaving units will be higher than the average utilization hours of local coal-fired units in the previous year to a certain degree, and the additional utilization hours will be linked to their committed peak-shaving number and degree. For peak-shaving units that fail to fulfill their prioritized power generation entitlement as a result of peak-shaving service, their entitlements can be transferred to other generating units through substitutive power generation transactions.

In September 2016, President Xi Jinping officially submitted the ratification instruments for the Paris Agreement to the United Nations at the G20 Summit held in Hangzhou, which demonstrated the strong will of China in promoting the global climate governance and boosting the early entry into force of the Paris Agreement. China has included the ecological civilization into its general layout of “Five in One” (“五位一體”), relieved the severe restraint of Gross Domestic Product (GDP) assessment and put the “Breathing Clean Air Campaign” (“呼吸保衛戰”) into full swing. Meanwhile, China regarded the construction of ecological civilization as an important part of the Thirteenth Five-year Plan, implemented the development philosophy of innovation, harmony, green, opening and sharing, pushed forward the innovation in science and technology and the innovation in

system and mechanism, and blazed a trail of green development with the utmost determination and the highest wisdom.

In November 2016, the NDRC issued the Thirteenth Five-year Plan for the Development of Wind Power Sector, which sets out the development goals, construction layout, key tasks, development patterns and safeguard measures of the country's wind power sector in the coming five years, providing important guidance for optimizing development layout of wind power, tackling wind power curtailments and promoting the sustainable development of the sector. Pursuant to the plan, by the end of 2020, the total grid-connected installed capacity of wind power across the country will reach at least 210 GW, in which the grid-connected installed capacity of offshore wind power projects will reach at least 5,000 MW. The plan aims to promote the shifting of wind power project construction to central eastern and southern regions and actively address the wind-power consumption obstacles in the "Three-North" areas, thus ensuring the healthy development of the wind power sector in terms of both quality and capacity.

In December 2016, the NDRC issued the Thirteenth Five-year Plan for Energy Development (《能源發展「十三五」規劃》) and the Thirteenth Five-year Plan for Renewable Energy Development (《可再生能源發展「十三五」規劃》), outlining the country's general arrangements for its energy consumption for the coming five years. Pursuant to the plan, it is estimated the increase in the consumption of non-fossil energy and natural gas will be over 3 times of the increase in coal consumption, accounting for over 68% of the increase in the country's total energy consumption. The development indicators of renewable energy set out in the plan rank first in the world in terms of both total quantity and growth rate.

In December 2016, the NDRC published the Notice on Adjustments to Benchmark On-Grid Tariffs of Photovoltaic Power Generation and Onshore Wind Power Generation (《關於調整光伏發電陸上風電標杆上網電價的通知》), lowering the benchmark on-grid tariffs of photovoltaic power projects built after 1 January 2017 and onshore wind power projects obtaining construction approvals after 1 January 2018. Benchmark tariffs for newly built onshore wind power projects in the four resource areas were RMB0.40 per kWh, RMB0.45 per kWh, RMB0.49 per kWh and RMB0.57 per kWh, respectively. For offshore wind power projects not subject to tender, different on-grid tariffs will be adopted for offshore projects and intertidal projects. The on-grid tariff is RMB0.85 per kWh for offshore projects and RMB0.75 per kWh for intertidal projects.

In December 2016, the NEA and the State Oceanic Administration jointly issued the Administrative Measures for the Development and Construction of Offshore Wind Power Projects (《海上風電開發建設管理辦法》), which aims to further improve the offshore wind power management system, regulate the development and construction of offshore wind power projects, and promote the sustainable healthy development of offshore wind power sector.

II. BUSINESS REVIEW

1. Continued to enhance the safe production by improving the management system for economic operations

In 2016, the Group strengthened its management measures and endeavored to enhance its management and control capabilities in production safety, thus further intensifying the safety in production. For the purpose of improving its safety management system, the Group set up a standard management system for safety in production, being the first of its kind in the industry. In addition, the Group conducted safety inspections of “Four Don’ts and Two Directs” (“四不兩直”) on a regular basis, specified the responsible entities at provincial-level companies, standardised the inspection methods and content, determined the inspection frequency, and strictly supervised the implementation of inspections. Moreover, the Group further implemented anti-accident measures by carrying out its first company-wide emergency drill and on-site observance activities to boost the overall emergency response ability of each business unit. Through upgrading the technology and equipment and increasing investment in safety devices, the Group was able to improve the safety of its equipment and systems at its very source by adopting new techniques, new standards, new devices and scientific management of equipment in the course of maintenance and repair of power generating units.

In 2016, the Group maintained its leading position in terms of power generation and utilisation hours of wind power. First, the Group improved the comprehensive 4-tier management system covering the headquarter, regional companies, wind farms and work teams, which correspond with the existing technical support systems respectively, thereby completed the design for the “double closed-loop” (“雙閉環”) demand of management and technology. Second, the professional management was strengthened and refined. The Group established a comprehensive management model system for economic operations, identified the reasons for power loss in different units and adopted specific measures to minimise internal wind power curtailment, so as to level up the economic operation as well as strengthen and expand its competitive advantages in key benchmarks including utilisation hours and unavailable hours. Third, innovative marketing modes were adopted in response to grid curtailment. The Group strictly implemented double control over the percentage and quantity of electricity subject to grid curtailment, set the average red line value of percentage of electricity subject to grid curtailment in different regions, and expanded evaluation on grid curtailment into each wind farm. Meanwhile, coupled with regional horizontal and differential benchmarking, the Group optimised its grid curtailment estimation through in-depth analysis of regional electricity markets and operation characteristics of power grids, thereby formulating

specific marketing plans for different regions. The Group actively expanded its external distribution channels by means of swapping of wind power and coal-fired power, direct power supply for big customers, as well as cross-region delivery.

In 2016, the Group generated a cumulative gross electricity output of 40,574 GWh, of which electricity generated from our wind power business amounted to 29,962 GWh, representing an increase of 16.55% year-on-year, mainly attributable to the increase in installed capacity and higher wind speed. In 2016, the Group's average utilisation hours of the wind power business was 1,901 hours, representing an increase of 13 hours as compared with that of 2015, which was primarily attributable to higher wind speed and improved efficiency of new generating units.

During the reporting period, the consolidated gross power generation from coal power business of the Group was 9,981 GWh, representing an increase of 5.61% as compared with 9,450 GWh in the corresponding period of 2015. This was primarily due to a better-than-expected increase in the power consumption across Jiangsu Province and alternative power of 295 GWh secured by the Company. The average number of utilisation hours of the Group's coal power business in 2016 was 5,323 hours, representing an increase of 283 hours as compared with 5,040 hours in the corresponding period of 2015.

2. With preliminary work being pressed ahead steadily, continually optimised the wind-power development layout

In 2016, the Group adhered to its development strategy of “to build a top tier international new energy listed company by virtue of innovation-driven development and management-based benefits”, and earnestly followed the guiding principles of the Fifth Plenary Session of the 18th Central Committee of the Chinese Communist Party. Under the guidance of the “Five Main Development Ideas” (“五大發展理念”), the Group followed the main line of the innovative management and development, implemented the “One Five Five” strategy (“「一五五」戰略”) in an all-round way, steadily promoted the “Double Enhancement” (“雙提升”) work to proactively adapt to the new normality, devoted more efforts to build itself into an innovative, management-based and profitable enterprise and sped up in forging a top tier international new energy company at a faster pace.

In 2016, the Group vigorously pressed ahead the high-quality resource reserve and continually optimised its wind-power development layout. 35 projects of the Group were included in the approval plan for the first batch of wind power projects under the Thirteenth Five-year Plan issued by all provincial energy administrations in April 2016, with a total installed capacity of 1,891 MW and being the highest among its peers. None of these projects are located in the regions subject to grid curtailment. The Group obtained approvals for wind power projects with installed capacity of 1,840 MW for the year, 97% of which were located in the regions not subject to grid curtailment. With continuous expansion of regional coverage, the Group started from scratch for projects in Qinghai. As at the end of 2016, the Group had wind power projects of 7.5 GW approved but not yet put into operation, and including the projects listed under the national plan but not yet been approved, accumulated effective wind power pipelines amounted to 8.2 GW. The Group is expected to continually optimise its wind-power development layout.

In 2016, the Group has proactively stepped up offshore wind power projects in a high-standard manner. By taking advantage of the current offshore wind power policies, the Group has made an effort in obtaining the quality offshore resources and increasing its resource reserve and actively made good use of the brand influence of Longyuan wind power to attract wind turbine equipment manufacturers to settle down, and to expand the development coverage by collaborative development with the manufacturers. With full reference to the macro experience of site selection of offshore wind power projects, the Group has completely reviewed the offshore wind power resource levels and geology and other conditions in China to scientifically set up the development schedule. In addition, the Group has paid more attention on the assessment of operation of offshore wind power generating units and actively carried out technical communication with generating units manufacturers, so as to customize new wind power materials and technologies suitable for different offshore environments, and to lead the improvement of the offshore wind power technologies. According to the requirements of the Thirteenth Five-year Plan for wind power development promulgated by the NEA, offshore wind power will be the focus of development under the Thirteenth Five-year Plan. After review, the offshore wind resource reserve of the Group exceeded 8.0 GW, of which the capacity approved but not yet put into operation was 1.1 GW.

Since 2014, focusing on comprehensive and strategic cooperation, the Group has conducted its third entrepreneurial activity by bringing in new cooperation model and vigorously expanding its development channel. Capitalising on the opportunity arising from the promotion of mixed-ownership economy by the CPC Central Committee, the Group continually enhanced cooperation with reputable local enterprises. The Group also carried out extensive cooperation with branches (subsidiaries) of Guodian Group, gave full play to the professional core platform of Longyuan wind power and regional resource advantages of the branches (subsidiaries) of Guodian Group and leveraged on the synergy to achieve a win-win situation. As at the end of 2016, the Group had 40 new projects for cooperative development, covering 12 provinces and with the installed capacity of 3,228 MW.

3. Continued to grip the project construction with quality management reaching a higher level

In 2016, the Group had 28 new wind power projects with the consolidated installed capacity of 1,604 MW. The Group fully fulfilled the task set at the beginning of the year and ranked first in the project construction evaluation of Guodian Group. In 2016, the Group carried out three major comprehensive safety inspections and self-inspection of potential safety hazards, during which every unit of the Group secured the safety and steady of infrastructure work through measures such as strict control over the design, more efforts in checking and evaluation, implementation of the closed-loop management, strengthened prevention and treatment of potential safety hazards, pre-formulation of emergency plan and enhancement of training and rationalization of regulations. In order to ensure project quality, the Group pushed forward the standardization of every aspect of infrastructures construction process including design, construction, supervision and acceptance and further standardized the construction of wind power projects by enhancing construction of systems. In spite of the higher wind turbine price and more self-constructed power transmission lines, the project cost was under control due to more accurate cost management.

As at 31 December 2016, the consolidated installed capacity of the Group was 19,494 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable power business were 17,369 MW, 1,875 MW and 250 MW, respectively.

4. Proportion of retail power transaction increased and tariffs decreased slightly

The average on-grid tariffs for overall power generation of the Group for 2016 amounted to RMB530 per MWh (value-added tax (“VAT”) inclusive), representing a decrease of RMB21 per MWh as compared with the average on-grid tariffs of RMB551 per MWh (VAT inclusive) in 2015. The average on-grid tariffs for wind power amounted to RMB570 per MWh (VAT inclusive), representing a decrease of RMB21 per MWh as compared with RMB591 per MWh (VAT inclusive) in 2015, which was due to the Group’s positive efforts in gaining electricity sales through rigorously calculated bids in provinces with severe grid curtailment in order to increase corporate profitability. The average on-grid tariffs for coal power amounted to RMB380 per MWh (VAT inclusive), representing a decrease of RMB39 per MWh as compared with the average on-grid tariffs for coal power of RMB419 per MWh (VAT inclusive) in 2015, which was mainly attributable to a reduction of on-grid tariffs of coal power enterprises in April 2015 and January 2016 respectively in Jiangsu Province.

5. Capital management concepts were enhanced to boost value creation

In 2016, in response to the complicated domestic and foreign currency markets, the Group (i) continued its intensified management and control of financings to raise the cash sweep ratio, and laid down an overall operation plan to optimise regional capital allocation and effectively lower financing costs; (ii) further reduced debt balance and capital cost, actively collected tariffs at lower-level business units, and properly made early repayment of loans, thus significantly reducing its financial expenses; and (iii) kept a close watch on domestic and foreign capital markets to further expand financing channels and varieties, successfully completed the registration of DFI (Debt Financing Instruments) and sought for low-cost capital within the country and abroad, including successful issuance of ultra-short-term debentures in 19 tranches, corporate bonds in 1 tranche and non-public targeted debt financing instruments in 2 tranches. Thanks to these efforts, the Group was able to maintain a leading position in respect of capital cost in the industry for the whole year.

6. Focused on technological innovation for serving the Company's development

In 2016, great breakthrough was achieved in the technological project of “Study on the Technology for Construction of Rock-socketed Single Pile Foundation for Wind Farms in Shallow Sea”. The Group was the first to develop the offshore transition section-free single pile rock-socketed technology in the world. The development of critical construction equipment greatly improved construction efficiency and reduced project costs, and provided guarantee for complete sets of technologies as required for large scale development of offshore wind power in the south-east coastal areas of the PRC. The Group completed the construction of a big data platform for the wind power big data project initiated by the Group ahead of its domestic peers, and fulfilled the standardization of various information and the development of a number of production applications through the big-data technology-based data platform clustering, laying a solid foundation for the future management and technology upgrading of the Group. In 2016, the Group undertook the development of 9 wind power standards for the energy industry in China and 2 group standards for the Chinese Society for Electrical Engineering. In addition, throughout the year, the Group obtained 26 newly authorized patents, 23 software copyrights, as well as 4 Scientific Advance Prizes of Guodian Group. The Group continued to increase its support to science and technology projects which are of significance to the development of the Group's wind power business and launched 19 new research projects in 2016.

7. Based on the projects in operation and under construction while speeding up the progress of “Going-out”

No longer content to develop only in China, the Group formulated a layout for the cause of new energy with a strategic vision of globalization and managed to realize the “Going-out” of wind power, which made the Group the first state-owned power generation enterprise that invested in and constructed overseas wind power project. The Group's Canadabased subsidiary actively fulfilled its social responsibilities and established close ties with the local community and government. The project has shown satisfactory progress in power curve verification, noise monitoring, animal and plant monitoring, and maintained safe production for consecutive 762 days as of 31 December 2016. The wind farm project in South Africa has been proceeding steadily in civil work, electrical engineering, turbine assembly and transportation since the commencement of construction in 2015, with construction schedule, construction quality and cost maintained at manageable levels. The hoisting of the first wind turbine was smoothly completed on 28 September 2016. The concrete pouring of wind turbine foundation and hoisting of 51 out of a total of 163 wind turbines had been finished by the end of December 2016.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In 2016, the net profit of the Group amounted to RMB4,490 million, representing an increase of 10.4% as compared to RMB4,068 million in 2015. Net profit attributable to equity holders of the Company amounted to RMB3,549 million, representing an increase of 23.3% as compared to RMB2,878 million in 2015. Earnings per share amounted to RMB42.50 cents, representing an increase of RMB6.68 cents as compared to RMB35.82 cents in 2015.

Operating revenue

Operating revenue of the Group amounted to RMB22,304 million in 2016, representing an increase of 13.3% as compared to RMB19,683 million in 2015. The increase in operating revenue was primarily due to: 1) an increase of RMB1,585 million, or 12.8%, in electricity sales and other revenue of wind power business to RMB13,950 million in 2016 as compared to RMB12,365 million in 2015; 2) an increase of 1,263 million, or 55.7%, in revenue from coal sales of coal power business to RMB3,532 million as compared to RMB2,269 million in 2015, which was primarily attributable to the increase in both sales volume and price of coal; 3) a decrease of RMB129 million, or 4.1%, in revenue from sales of electricity of coal power business to RMB3,010 million as compared to RMB3,139 million in 2015, which was primarily attributable to the downward adjustment to the benchmark tariff of electricity generated by desulphurization coal-fired power generating units by the PRC government in April 2015 and January 2016 respectively and the non-tax average tariff of coal power electricity decreased by RMB33 per MWh as compared to that in 2015; 4) an increase of RMB242 million, or 92.4%, in revenue from sales of steam of coal power business to RMB504 million as compared to RMB262 million in 2015, which was primarily attributable to the expansion of coverage of steam sales of the newly acquired heat sales companies; and 5) a decrease of RMB121 million, or 18.3%, in service concession construction revenue of wind power business to RMB541 million in 2016 as compared to RMB662 million in 2015, which was primarily attributable to the decrease in the construction volume of service concession projects under construction.

The operating revenue of each segment and their respective proportions are set out in the table below:

Operating revenue	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Electricity sales and others of wind power business	13,950	62.5%	12,365	62.8%
Electricity sales of coal power business	3,010	13.5%	3,139	15.9%
Steam sales of coal power business	504	2.3%	262	1.3%
Coal sales	3,532	15.8%	2,269	11.5%
Electricity sales of other renewable energies	466	2.1%	434	2.2%
Construction income of concession projects	541	2.4%	662	3.4%
Sales of electricity equipment	25	0.1%	168	0.9%
Others	276	1.3%	384	2.0%
Total	22,304	100%	19,683	100%

Other net income

Other net income of the Group amounted to RMB647 million in 2016, representing an increase of 43.8% as compared to RMB450 million in 2015 which was mainly caused by following reasons: 1) in line with the increase in revenue from electricity sales of wind power business, the refund of VAT and other government grants amounted to RMB503 million in 2016, representing an increase of RMB94 million as compared to that in 2015; and 2) the gain from the penalty income from wind turbine suppliers in 2016 amounted to RMB115 million, representing an increase of RMB111 million as compared to the similar gain of RMB4 million in 2015.

The breakdown of other net income items and their respective proportions are set out in the table below:

Other net income	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Government grants	503	77.7%	409	90.9%
Others	144	22.3%	41	9.1%
Total	647	100%	450	100%

Operating expenses

Operating expenses of the Group amounted to RMB15,403 million in 2016, representing an increase of 18.5% as compared to RMB13,001 million in 2015, primarily due to the increase in the depreciation and amortisation expenses of the wind power business and the increase in the coal consumption costs and coal sales costs in the coal power business.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB6,342 million in 2016, representing an increase of 13.7% as compared to RMB5,578 million in 2015, primarily due to an increase of RMB780 million, or 15.5%, in depreciation and amortisation expenses of wind power business over 2015 as a result of expansion in the installed capacity of wind power projects.

Coal consumption costs

The coal consumption costs of the Group amounted to RMB1,702 million in 2016, representing an increase of 23.5% as compared to RMB1,378 million in 2015. The main reasons are as follows: 1) an increase of approximately 10.2% in the average unit price of standard coal for power and steam generation in line with the increase in the price of coal in 2016; and 2) an increase of approximately 12.1% in the coal consumption as a result of the increase in power and steam generation.

Coal sales costs

The coal sales costs of the Group in 2016 amounted to RMB3,410 million, representing an increase of 59.2% as compared to RMB2,142 million in 2015. The main reasons are as follows: 1) an increase of approximately 15.5% in the average procurement price of coal for the year of 2016; and 2) an increase of approximately 37.7% in the sales volume of coal as compared with that of 2015.

Service concession construction costs

The Group's service concession construction costs in 2016 amounted to RMB541 million, representing a decrease of 18.3% as compared to RMB662 million in 2015, primarily due to a decrease in the construction volume of service concession projects under construction in 2016 as compared with that of 2015.

Personnel costs

Personnel costs of the Group amounted to RMB1,603 million in 2016, representing an increase of 12.7% as compared to RMB1,422 million in 2015. The main reasons are as follows: 1) an increase in headcounts as a result of the Group's expansion; 2) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation; and 3) the fact that remuneration distribution laid emphasis on supporting front-line staff and staff from difficult and remote regions by enhancing the wind power enterprise's standards of subsidies for poor regions.

Material costs

Material costs of the Group amounted to RMB216 million in 2016, representing a decrease of 34.7% as compared to RMB331 million in 2015, which was primarily due to the decrease in material costs as a result of the decrease in external sales volume of products of the Group's subsidiary Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. (龍源(北京)風電工程技術有限公司).

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB642 million in 2016, representing an increase of 20.9% as compared to RMB531 million in 2015, mainly due to: 1) the increase in repair and maintenance expenses incurred by the wind power business as a result of the increase in wind power turbines; and 2) the increase in repair and maintenance expenses incurred by the coal power business due to overhaul of certain generating units and normative governance of on-site safety and civilized production of coal power plants in 2016.

Administrative expenses

Administrative expenses of the Group amounted to RMB429 million in 2016, representing an increase of 15.0% as compared to RMB373 million in 2015. Such increase was primarily due to the increase in the lease and property fees, office allowances, transportation fees, etc. incurred by the establishment of more subsidiaries resulting from the business growth of the Group.

Other operating expenses

Other operating expenses of the Group amounted to RMB518 million in 2016, representing a decrease of 11.3% as compared to RMB584 million in 2015. The main reasons are as follows: 1) the reversal of provision for impairment of assets of RMB94 million incurred by disposal of Guodian Jiansanjiang Qianjin Biomass Power Co., Ltd. (“**Guodian Jiansanjiang**”) (國電建三江前進生物質發電有限公司) and Guodian Tangyuan Biomass Power Co., Ltd. (“**Guodian Tangyuan**”) (國電湯原生物質發電有限公司) in 2016; and 2) the increase in operating expenses of insurance fees, water and electricity fees, due to the increase in installed capacity as a result of the expansion of the Group’s business.

Operating profit

In 2016, the operating profit of the Group amounted to RMB7,548 million, representing an increase of 5.8% as compared to RMB7,132 million in 2015. The main reasons are as follows: 1) the operating profit of the wind power business amounted to RMB6,609 million in 2016, representing an increase of RMB617 million, or 10.3%, from RMB5,992 million in 2015. This was mainly attributable to the increase in revenue and operating profit from sales of electricity of wind power business, as a result of the installed capacity expansion of the wind power business; 2) the operating profit of the coal power business amounted to RMB896 million in 2016, representing a decrease of RMB237 million, or 20.9%, as compared to RMB1,133 million in 2015, which was primarily attributable to the decreased gross profit margin of electricity sales business resulting from the decrease in unit price of electricity sales and the increase in coal consumption costs of coal power business as compared to 2015; 3) the reversal of provision for impairment of assets of RMB94 million incurred by disposal of Guodian Jiansanjiang and Guodian Tangyuan in 2016; and 4) the decreased gross profit margin of the external sales of electricity equipment, design consultancy and engineering procurement construction (“**EPC**”) of other business in 2016.

Net finance expenses

The net finance expenses of the Group amounted to RMB2,774 million in 2016, representing a decrease of 8.7% as compared to RMB3,039 million in 2015. The main reasons are as follows: 1) the interest expenses amounted to RMB2,738 million in 2016, representing a decrease of RMB70 million as compared to that of RMB2,808 million in 2015 as the People's Bank of China lowered the benchmark loan rate; 2) the Group's net foreign exchange losses amounted to RMB54 million in 2016, representing a decrease of RMB345 million as compared to the net foreign exchange losses of RMB399 million in 2015; 3) the losses on changes in fair value amounting to RMB63 million from the trading securities and derivative financial instruments held by the Group in 2016 increased by RMB83 million as compared with the gain on changes in fair value amounting to RMB20 million in 2015; and 4) the interest income from bank deposits and from loans provided to related parties decreased and bank charges and others increased in 2016.

Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB376 million in 2016, representing a decrease of 34.7% as compared to RMB576 million in 2015, which was mainly due to the declining operating results of Jiangsu Nantong Power Generation Co., Ltd. (江蘇南通發電有限公司), a joint venture, in 2016 as compared to that in 2015.

Income tax

Income tax of the Group amounted to RMB660 million in 2016, representing an increase of 9.8% as compared to RMB601 million in 2015, which was mainly due to the increase in profit before tax in 2016.

Net profit

In 2016, the net profit of the Group amounted to RMB4,490 million, representing an increase of 10.4% as compared to RMB4,068 million in 2015, mainly attributable to: the increase of RMB617 million in operating profit of wind power business as compared to that in 2015; the decrease of RMB237 million in operating profit of coal power business as compared to that in 2015; and the reversal of provision for impairment of assets of RMB94 million incurred by disposal of Guodian Jiansanjiang and Guodian Tangyuan in 2016.

Net profit attributable to equity holders of the Company

In 2016, net profit attributable to equity holders of the Company amounted to RMB3,549 million, representing an increase of 23.3% as compared to RMB2,878 million in 2015, mainly attributable to the increase in net profit from wind power business and other segments, most equity interests of which were held by equity holders of the Company.

Segment results of operations

Wind power business

Operating revenue

In 2016, the operating revenue of the wind power business of the Group amounted to RMB14,491 million, representing an increase of 11.2% from RMB13,027 million in 2015, primarily due to the increase in electricity sales revenue derived from growing power generation led by the increase of installed capacity of wind power business.

Operating revenue of the wind power business and proportions are set out in the table below:

Operating revenue	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	13,891	95.9%	12,318	94.6%
Service concession construction revenue	541	3.7%	662	5.1%
Others	59	0.4%	47	0.3%
Total	14,491	100%	13,027	100%

Operating profit

In 2016, the operating profit of the wind power business of the Group amounted to RMB6,609 million, representing an increase of 10.3% as compared to RMB5,992 million in 2015, which was mainly due to the increase in the wind power installed capacity of the Group.

Coal power business

Operating revenue

In 2016, operating revenue of our coal power business of the Group amounted to RMB7,270 million, representing an increase of 23.3% as compared to RMB5,896 million in 2015, primarily attributable to: 1) the revenue from sales of electricity and steam of coal power business increased by RMB113 million in 2016 as compared to 2015; and 2) the increase of RMB1,263 million in the revenue from sales of coal trading as a result of the increase of sales volume and unit selling price of coal.

Operating revenue of the coal power business and proportions are set out in the table below:

Operating revenue	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	3,010	41.4%	3,139	53.2%
Revenue from sales of steam	504	6.9%	262	4.4%
Revenue from coal trading	3,532	48.6%	2,269	38.5%
Others	224	3.1%	226	3.9%
Total	7,270	100%	5,896	100%

Operating profit

In 2016, operating profit of our coal power business amounted to RMB896 million, representing a decrease of 20.9% as compared to RMB1,133 million in 2015, which was mainly attributable to the decrease of the gross profit margin of sales of electricity as compared with 2015, as a result of decreasing average sales price of electricity and rising unit price of coal; and the increase in gross profit of steam sales business due to the increase in sales volume and price of steam.

Operating profit of the coal power business and proportions are set out in the table below:

Operating profit	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Sales of electricity and steam and others	832	92.9%	1,069	94.4%
Coal trading business	64	7.1%	64	5.6%
Total	896	100%	1,133	100%

Other segments

Operating revenue

In 2016, the operating revenue of other segments amounted to RMB1,132 million, representing a decrease of 40.6% as compared to RMB1,907 million in 2015. The main reasons are as follows: 1) revenue from EPC under other segments amounted to RMB211 million in 2016, among which the intergroup revenue decreased by RMB561 million, representing a decrease of RMB604 million as compared to that in 2015; and 2) revenue from sales of electricity equipment and bidding services under other segments decreased in 2016.

Operating revenue of other segments and proportions are set out in the table below:

Operating revenue	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Revenue from electricity sales	466	41.2%	434	22.8%
Revenue from EPC	211	18.6%	815	42.7%
Revenue from other sales	65	5.7%	326	17.1%
Others	390	34.5%	332	17.4%
Total	1,132	100%	1,907	100%

Operating profit

In 2016, the operating profit of other segments of the Group amounted to RMB167 million, representing an increase of 10.6% as compared to RMB151 million in 2015, which was primarily attributable to: 1) the reversal of provision for impairment of assets of RMB94 million incurred by disposal of Guodian Jiansanjiang and Guodian Tangyuan in 2016, while there was no similar income in 2015; and 2) the decreasing gross profit margin of design consultancy services and EPC services under other segments.

Assets and liabilities

As at 31 December 2016, total assets of the Group amounted to RMB138,661 million, representing an increase of RMB4,794 million as compared with total assets of RMB133,867 million as at 31 December 2015. This was primarily due to: 1) an increase of RMB4,165 million in non-current assets including property, plant and equipment; and 2) an increase of RMB629 million in current assets including receivables.

As at 31 December 2016, total liabilities of the Group amounted to RMB90,874 million, representing an increase of RMB1,581 million as compared to total liabilities of RMB89,293 million as at 31 December 2015. This was primarily due to an increase of RMB1,774 million in non-current liabilities including long-term borrowings and a decrease of RMB193 million in current liabilities including short-term borrowings.

As at 31 December 2016, equity attributable to equity holders of the Company amounted to RMB40,890 million, representing an increase of RMB2,754 million as compared with RMB38,136 million as at 31 December 2015.

Details of assets and liabilities are set out in the tables below:

Assets	2016 <i>(RMB million)</i>	2015 <i>(RMB million)</i>
Property, plant and equipment	105,598	98,997
Investment properties and lease prepayments	2,141	2,007
Intangible assets and goodwill	8,860	8,699
Other non-current assets	8,729	11,460
Current assets	13,333	12,704
Total	138,661	133,867

Liabilities	2016 <i>(RMB million)</i>	2015 <i>(RMB million)</i>
Long-term borrowings	31,327	29,970
Deferred income and deferred tax liabilities	1,823	1,898
Obligations under finance leases and other non-current liabilities	1,917	1,425
Current liabilities	55,807	56,000
Total	90,874	89,293

Capital liquidity

As at 31 December 2016, current assets of the Group amounted to RMB13,333 million, among which, RMB1,933 million was cash at bank and on hand; RMB5,901 million was trade debtors and bills receivable primarily consisted of receivables from sales of electricity; RMB3,644 million was prepayments and other current assets primarily consisted of deductible VAT and advances.

Current assets and their respective proportions are set out in the table below:

Current assets	2016		2015	
	Amount <i>(RMB million)</i>	Proportion <i>(%)</i>	Amount <i>(RMB million)</i>	Proportion <i>(%)</i>
Trade debtors and bills receivable	5,901	44.3%	4,243	33.4%
Prepayments and other current assets	3,644	27.3%	3,070	24.2%
Cash at bank and on hand	1,933	14.5%	3,274	25.8%
Others	1,855	13.9%	2,117	16.6%
Total	13,333	100%	12,704	100%

As at 31 December 2016, current liabilities of the Group amounted to RMB55,807 million, including RMB2,550 million of trade creditors and bills payable (primarily consisting of payables for purchase of coal fuels and spare parts), RMB8,609 million of obligations under finance leases and other current liabilities (primarily consisting of payables for construction of wind power projects and related retention payables), and RMB44,472 million of short-term borrowings.

Current liabilities and their respective proportions are set out in the table below:

Current liabilities	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Borrowings	44,472	79.7%	44,977	80.3%
Trade creditors and bills payable	2,550	4.6%	1,902	3.4%
Obligations under finance leases and other current liabilities	8,609	15.4%	8,965	16.0%
Tax payable	176	0.3%	156	0.3%
Total	55,807	100%	56,000	100%

As at 31 December 2016, net current liabilities of the Group amounted to RMB42,474 million, representing a decrease of RMB822 million as compared with RMB43,296 million as at 31 December 2015. The liquidity ratio was 0.24 as at 31 December 2016, representing an increase of 0.01 as compared with the liquidity ratio of 0.23 as at 31 December 2015.

Restricted deposits amounted to RMB28 million, mainly including deposits for bills.

Borrowings and bills payable

As at 31 December 2016, the Group's balance of the borrowings and bills payable amounted to RMB78,157 million, representing an increase of RMB1,589 million as compared with the balance of the borrowings and bills payable of RMB76,568 million as at 31 December 2015. As at 31 December 2016, the Group's outstanding borrowings and bills included short-term borrowings and bills payable of RMB46,830 million (including long-term borrowings due within one year of RMB7,390 million and bills payable of RMB2,358 million) and long-term borrowings amounting to RMB31,327 million (including debentures payable of RMB14,109 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB67,489 million, borrowings denominated in U.S. dollars of RMB6,550 million and borrowings denominated in other foreign currencies of RMB1,760 million. As at 31 December 2016, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB276 million and corporate bonds with fixed interest rates of RMB14,109 million. As at 31 December 2016, the balance of bills payable issued by the Group amounted to RMB2,358 million.

Borrowings and bills payable by category and proportions are set out in the table below:

Borrowings and bills payable	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Bank loans	39,360	50.4%	35,661	46.6%
Loans from other financial institutions	41	0.1%	41	0.1%
Loans from Guodian Group and fellow subsidiaries	430	0.6%	809	1.1%
Corporate bonds	35,968	45.9%	38,436	50.1%
Bills Payable	2,358	3.0%	1,621	2.1%
Total	78,157	100%	76,568	100%

Borrowings and bills payable by term and proportions are set out in the table below:

Borrowings and bills payable	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Within 1 year	46,830	59.9%	46,598	60.9%
1–2 years	2,346	3.0%	7,231	9.4%
2–5 years	19,476	24.9%	8,333	10.9%
Over 5 years	9,505	12.2%	14,406	18.8%
Total	78,157	100%	76,568	100%

The types of interest rate structure of borrowings and bills payable and their respective proportions are set out in the table below:

Borrowings and bills payable	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Bills Payable	2,358	3.0%	1,621	2.1%
Fixed rate borrowings	36,286	46.4%	38,933	50.9%
Floating rate borrowings	39,513	50.6%	36,014	47.0%
Total	78,157	100%	76,568	100%

Capital expenditures

The capital expenditures of the Group amounted to RMB13,061 million in 2016, representing a decrease of 19.3% as compared with RMB16,193 million in 2015, among which, the expenditures for the construction of wind power projects amounted to RMB12,453 million, and the expenditures for the construction of other renewable energy projects amounted to RMB241 million. The sources of funds mainly included the proceeds from borrowings from banks and other financial institutions and the issue of bonds.

Capital expenditures classified by use and proportions are set out in the table below:

Capital expenditures	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Wind power projects	12,453	95.3%	15,504	95.7%
Other renewable energy projects	241	1.9%	265	1.6%
Others	367	2.8%	423	2.7%
Total	13,061	100%	16,193	100%

Net gearing ratio

As at 31 December 2016, the net gearing ratio of the Group, which is calculated by dividing net debt (total borrowings and obligations under finance leases less cash and cash equivalents) by the sum of net debt and total equity, was 60.89%, representing a decrease of 0.89 percentage points from 61.78% as at 31 December 2015. This was primarily because the increase in debt scale was less than the increase in total equity of the Group in 2016 as a result of increase in the Group's retained earnings this year.

Major investments

The Group made no major investment in 2016.

Material acquisitions and disposals

In 2016, the Group completed acquisitions of 52% equity interests in Shanxi Jinke and 100% assets of Shenchi Liugou Wind Power Construction Project from Guodian Shanxi Jieneng; transfers of 100% equity interests in Guodian Tangyuan and 100% equity interests in Guodian Jiansanjiang.

Pledged assets

As at 31 December 2016, the Group had no pledged equipment to secure bank loans.

Contingent liabilities/Guarantees

As at 31 December 2016, the Group provided a guarantee of RMB24 million for bank loans of an associate, and issued a counter-guarantee of no more than RMB38 million to the controlling shareholder of an associate. As at 31 December 2016, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB9 million.

Cash flow analysis

As at 31 December 2016, cash at bank and on hand held by the Group amounted to RMB1,901 million, representing a decrease of RMB986 million as compared with RMB2,887 million as at 31 December 2015. The principal sources of funds of the Group mainly include cash inflow generated from operating activities, the issuance of corporate bonds and bank loans. The Group mainly used the funds for the construction of projects, repayment of borrowings and dividends distribution.

The net cash inflow of the Group's operating activities amounted to RMB13,533 million in 2016, among which the cash inflow was primarily attributable to revenue from sales of electricity. The cash outflow was mainly attributable to purchase of fuels and spare parts, various taxation payments and operating expenses. The net cash inflow of the Group's operating activities in 2016 decreased by 17.0% as compared with that of RMB16,307 million in 2015, mainly due to 1) the increase in receivables in the year; and 2) the increase in the purchase of coal arising from the rise in coal price.

The net cash outflow from investing activities of the Group for 2016 was RMB11,209 million. The cash outflow for investment activities were mainly used for the construction of wind power projects.

The net cash outflow from financing activities of the Group for 2016 was RMB3,284 million. The cash inflow from financing activities was mainly generated from the issue of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

Cash inflows from financing activities and cash outflows from financing activities are set out in the table below:

Cash inflows from financing activities	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Proceeds from borrowings	52,993	99.7%	53,215	99.2%
Capital contributions	147	0.3%	412	0.8%
Total	53,140	100%	53,627	100%

Cash outflows from financing activities	2016		2015	
	Amount (RMB million)	Proportion (%)	Amount (RMB million)	Proportion (%)
Repayment of borrowings	51,701	91.6%	48,346	91.1%
Dividends paid	1,306	2.3%	1,174	2.2%
Interest paid	3,417	6.1%	3,582	6.7%
Total	56,424	100%	53,102	100%

IV. RISK FACTORS AND RISK MANAGEMENT

1. Climatic risk

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is mainly represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. On the vast territory of the PRC, there is a great variation in climate causes in different regions. To be specific, the regions have different climate characteristics of the years of high and low wind speeds in the same period. In 2016, in most provinces (including municipalities and autonomous regions), the annual average wind speed at a height of 70 meter over land was around the average for previous years, in which 4 provinces (including municipalities), namely Shanghai, Jiangsu, Shandong and Hainan had a lower wind speed and 7 provinces (including municipalities and autonomous regions), namely Chongqing, Guangxi, Shanxi, Hubei, Heilongjiang, Sichuan and Shaanxi witnessed a higher wind speed. The Group has put wind power projects into operation in 26 provinces (including municipalities). In response to the risks brought about by the inter-annual variation of wind speed, the Group will continue to optimize the layout of wind power and strengthen the

development efforts of wind power in the eastern and southeastern coastal areas and inlands in the southwest and middle of China, including Tianjin, Shandong, Shanxi, Jiangsu, Anhui, Fujian, Zhejiang, Hunan, Hubei, Jiangxi, Yunnan, Guizhou, etc. to further balance the project development ratio in the regions subject to the impact of different monsoons.

2. Risks relating to grids

In recent years, the grid curtailment has become an issue with high degree of concern. Due to the low power load in the society and unreasonable grid connection structure in certain districts, the situation of grid curtailment is not optimistic. The Group will continue to study the future characteristics and absorption of wind power, accurately judge the changing trends of policies and make good use of national policies to cope with the grid curtailment. In addition, it will make adjustments to the development layout of wind power, expand the scale of construction in regions not subject to grid curtailment, and reinforce the selection of generating units in the regions subject to grid curtailment. The Group will enhance proactive communication with the government and grid companies, and take the initiative to capture market share of power generation. Internally, it will strengthen production and operation management, optimize means of operation, arrange examination and maintenance of power generating units in a reasonable manner and minimize decommission time of power generating units as far as possible.

3. Interest rate risk

The Group is principally engaged in domestic investment in wind farms, which requires enormous capital expenditure and a large amount of loan fund. Therefore, any changes in interest rate will have certain impacts on the Group's cost of funds. With sound performance and credibility, a stable debt structure and diversified financing channels, the financing interest rate incurred always remains lower than the average level among the peers. Meanwhile, the Group will, through active participation in direct financing markets within and outside the PRC, innovate financing products in order to effectively avert interest rate risks. In addition, the Group will pay close attention to changes of policy in the domestic and international financial markets, timely adopt a targeted financing model during fluctuation of interest rate so as to partially offset the impacts on financial costs brought by changes in interest rates.

4. Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group's investments are carried out abroad and a small amount of its loans are denominated in foreign currencies. Therefore, fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group attaches great importance to monitoring and analysis of the risk in the foreign exchange rate, keeps close contact with domestic and international financial institutions in terms of businesses relating to exchange rate and effectively takes exchange rate protection measures. For example, in 2016, through locking the US dollar-denominated bonds by virtue of cross-currency swap (CCS) of the bonds, the Group hedged against foreign exchange losses. Meanwhile, it designs appropriate means to use foreign currencies and adopts various approaches to improve risk management of the currency exchange rate.

5. Risk in fuel prices

The Group owns two coal power plants with installed capacity of 1,875 MW. The fluctuations in coal prices will have impacts on the operating results of the Company's coal power business. Under the new policy of the state including de-capacity and de-stocking, some coal companies limited their output or suspended production, thus leading to a tighter coal supply, which may lead to the coal price lingering at a high level. The Group enhances its analysis and judgment of the coal market in a continuous manner, makes in-depth analysis and research on the trends of coal and transportation as well as the changes in prices, adjusts its purchasing strategy accordingly, and maintains reasonable inventory leveraging on the domestic and foreign markets, thus minimizing the risk in fuel prices.

V. OUTLOOK IN 2017

Outlook for Domestic and Overseas Environment for Operation

Domestically, President Xi Jinping officially submitted the ratification instruments for the Paris Agreement to the United Nations at the Hangzhou G20 Summit in September 2016. According to China's commitments to the international community, there are great development potentials for wind power. Moreover, the NDRC published the Thirteenth Five-year Plan for the Development of Wind Power Sector in November 2016, which specifies the development goals of China for the wind power industry during the Thirteenth Five-year period. According to the plan, by the end of 2020, the cumulative grid-connected installed capacity of wind power across the country will exceed 210 GW, in which the grid-connected installed capacity of offshore wind power projects will reach at least 5,000 MW; and the annual power generation of wind power should reach 420 billion kWh, representing approximately 6% of the total power generation in the PRC. Thanks to the strong support from the government, the favorable policies to the wind power industry have been launched successively. The Thirteenth Five-year period has brought about not only the development opportunities for the renewable energy sector, but also the unprecedented severe challenges. As the new strategic layout of the PRC has been in full swing, its economic growth is gearing down and its energy structure is being adjusted at a faster speed, the guiding role of the power market has been strengthened and the control over investments in power projects has been tightened, the competitions in the wind power sector is becoming fiercer. In addition, the development situations of wind power have become more complicated due to a series of unfavorable factors such as inevitable decrease in tariffs, continued deterioration in wind power curtailment, insufficient coordination among different development conditions of wind power, and various complex interests and contradictions involved, which severely impacted the sustainable development of the wind power sector.

As a global wind power developer and operator, the Group is embracing three major opportunities when operating its overseas business: 1) 195 countries in the world reached an agreement on the Paris Agreement at the Paris Climate Change Conference in 2015, and had established a consensus on green growth, which promoted the development of new energy sector in these countries, and provided new room for the "Going-out" strategy of the Group; 2) the "One Belt One Road" initiative and the "Going-out" strategy proposed by the PRC government have become the important measures in China's foreign relations, which provided great support for the Group to expand into the overseas markets; and 3) the continuing innovation in new energy technologies helped to sharpen the new energy's competitiveness against the traditional energy, and enlarged the development scope of the new energy resources. Overall, the new energy enterprises in China are facing a scarce window period and opportunity period for them to "Going-out".

The Operation Targets of the Company in 2017

In 2017, the general business guidelines of the Company are that: while firmly upholding the overall work focus of “progress and improvement in stabilisation”, we, under the guidance of “One Five Five” strategy of Guodian Group, will adhere to the idea of “quality, beneficial and sustainable development by virtue of advantages” in implementation of the “To build a long-lasting Longyuan” strategy (“百年龍源戰略”) in an innovative manner. We will vigorously carry out the “year for corporate governance” in strict accordance with the law and concentrate on quality and efficiency enhancement to accomplish the objectives and tasks for the year.

To be specific, in 2017, the Company will endeavor to achieve the following objectives:

1. On the basis of quality and efficiency enhancement, we will consolidate the base for production safety and exert more effort in “Capturing Every Single kWh of Electricity (度電必爭)”. We will reinforce assets operation and management and prevent and control operational risks in an all-rounded way to improve and upgrade stock assets on a continued basis.
2. With the construction of first-class wind farms as the focus, we will maximise the input effort in preliminary work, and steadily develop onshore and offshore high quality resources and implement the “Going-out” strategy; We will vigorously build upgraded new wind farms in accordance with the “four-high and four-excellent” standards to build first-rated assets.
3. With an aim to build a modern enterprise system, we will innovate the management system and mechanism and strengthen the construction of first-rated teams while implementing the innovation-driven strategy, so as to comprehensively propel the construction of an international first-rated new energy company.
4. Under the guidance of corporate governance in strict accordance with the law, we will adopt rules of law in governance and keep on improving the Company’s capacities in terms of systematic and compliant operation and corporate governance in accordance with the law. We will change our ideology and give priority to disciplines to practically enhance the awareness of integrity in work. To guarantee corporate sustainability and sound development, we have to improve the Company’s overall management and control level by strictly following the procedures and systems.
5. It is fundamental to give full play to the role of staff. We will intensify the construction of corporate culture and brand, vigorously implement people-benefiting projects and enrich group activities to continuously enhance staff’s satisfaction and happiness, striving to build a harmonious and happy Longyuan.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.0850 per share (tax inclusive) in cash for the year ended 31 December 2016 to shareholders whose names appear on the Company's register of members as at Friday, 7 July 2017. The abovementioned dividend will be subject to shareholders' approval at the Annual General Meeting of the Company to be held on Tuesday, 20 June 2017, and is expected to be paid on Monday, 21 August 2017. Details of the dividend payment will be announced after holding of the Annual General Meeting.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2016 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No. 348) and relevant laws and regulations, if the individual H-share shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these shareholders. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these shareholders.

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on The Stock Exchange of Hong Kong Limited (the “**Southbound Trading**”), the Company has entered into the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system.

The cash dividends for the investors of H Shares of Southbound Trading will be paid in Renminbi whilst that paid to holders of Domestic Shares and holders of H shares will be in Renminbi and in Hong Kong dollar respectively. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

The Company will determine the resident status of the individual H-share shareholders based on the registered address as recorded in the register of members of the Company on Friday, 7 July 2017 (the “**Registered Address**”). If the resident status of any individual H-share shareholder is not in consistency with that indicated by the Registered Address, such individual H-share shareholder shall notify the Company’s H share registrar not later than 4:30 p.m. on Friday, 30 June 2017, and provide relevant supporting documents to the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Any individual H-share shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H-share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H-share shareholders or any disputes over the withholding mechanism or arrangements.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of shares who are eligible to attend and vote at the Annual General Meeting to be held on Tuesday, 20 June 2017, the register of members of the Company will be closed from Sunday, 21 May 2017 to Tuesday, 20 June 2017, both days inclusive. To be eligible to attend and vote at the said Annual General Meeting, unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 May 2017.

In order to determine the holders of shares who are entitled to receive the abovementioned final dividend, the register of members of the Company will be closed from Sunday, 2 July 2017 to Friday, 7 July 2017, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2016 (subject to the approval of the Company's shareholders), unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 30 June 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on Stock Exchange, the Company has committed itself to maintaining a higher standard of corporate governance. For the year ended 31 December 2016, save as disclosed below, the Company has complied with all the code provisions as set out in the "Corporate Governance Code" contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has also adopted certain recommended best practices contained in the above Code, as appropriate.

In respect of code provision E.1.2 of the "Corporate Governance Code", Mr. Qiao Baoping, the chairman of the Company, and the chairman and member of the Strategic Committee of the Board, did not attend the 2015 annual general meeting of the Company held on 31 May 2016 due to work reasons.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its directors and supervisors in the securities of the Company. Having made specific enquiry of the directors and supervisors of the Company, all directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during 2016. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company’s securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure compliance with relevant requirements under the Listing Rules and to protect shareholders’ interests.

AUDITORS

KPMG (畢馬威會計師事務所) and Ruihua Certified Public Accountants (special general partner) (瑞華會計師事務所(特殊普通合夥)) were appointed as the Company’s auditors for the financial statements prepared in accordance with the IFRSs and China Accounting Standards for Business Enterprises, respectively, for the year ended 31 December 2016. The financial statements of the Company for 2016 prepared in accordance with the IFRSs have been audited by KPMG. The Company has appointed KPMG and Ruihua Certified Public Accountants (special general partner) as the Company’s auditors since the date of preparation of its listing.

AUDIT COMMITTEE

The 2016 annual results of the Group and the financial statements for the year ended 31 December 2016 prepared in accordance with the IFRSs have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of “**HKExnews**” of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://www.clypg.com.cn>.

The Company’s 2016 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board
China Longyuan Power Group Corporation Limited*
Qiao Baoping
Chairman

Beijing, PRC, 14 March 2017

As at the date of this announcement, the non-executive directors of the Company are Mr. Qiao Baoping, Mr. Wang Baole, Mr. Luan Baoxing and Mr. Yang Xiangbin; the executive directors are Mr. Li Enyi and Mr. Huang Qun; and the independent non-executive directors are Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.

* *For identification purpose only*