China Power International Development Limited
中國電力國際發展有限公司
(incorporated in Hong Kong with limited liability)
(Stock Code: 2380)

Results Announcement for Year 2016

The board of directors (the "**Board**") of China Power International Development Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively, the "**Group**" or "**We**") for the year ended 31 December 2016.

Financial Highlights

	Year ended 31 December		
	2016	2015	Change
	RMB'000	*RMB'000*	*%*
Revenue	**18,866,153**	20,196,670	-6.59
Profit for the year	**3,255,487**	5,329,598	-38.92
Profit attributable to owners of the Company	**2,365,868**	4,149,018	-42.98
Profit attributable to owners of the Company (excluding the one-off after tax gain on disposal of Shanghai Power shares)	**2,365,868**	3,321,811	-28.78
	RMB	*RMB*	*%*
Basic earnings per share	**0.32**	0.58	-44.83
Proposed final dividend	**0.160**	0.232	-31.03
	MWh	*MWh*	*%*
Total power generation	**63,403,445**	63,531,141	-0.20
Total electricity sold	**60,760,318**	60,868,493	-0.18

- The decrease in revenue was mainly due to the downward adjustments of on-grid tariffs for coal-fired power generating companies during the year under review. The adverse impact of such decreased on-grid tariffs was partly offset by the green electricity subsidy tariffs approved by the local governments to some of our coal-fired power plants during the year.
- The decrease in profit for the year and profit attributable to owners (excluding the one-off after tax gain on disposal of part of the Company's interest in Shanghai Power of approximately RMB827,207,000 in 2015) mainly due to the decrease in revenue, the increase in fuel costs for coal-fired power generation, increased depreciation and decreased share of profits of associates.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

		Year ended 31 December	
	Note	**2016**	2015
		RMB'000	*RMB'000*
Revenue	2	**18,866,153**	20,196,670
Other income	3	**530,886**	551,873
Fuel costs		**(6,526,910)**	(6,141,811)
Depreciation		**(3,282,133)**	(3,033,403)
Staff costs		**(1,895,093)**	(1,931,765)
Repairs and maintenance		**(720,190)**	(630,500)
Consumables		**(265,612)**	(308,581)
Other gains and losses, net	4	**385,944**	856,593
Other operating expenses		**(1,742,467)**	(1,697,287)
Operating profit	5	**5,350,578**	7,861,789
Finance income	6	**21,005**	42,866
Finance costs	6	**(2,067,966)**	(2,238,296)
Share of profits of associates		**540,353**	740,551
Share of profits of joint ventures		**150,158**	146,114
Profit before taxation		**3,994,128**	6,553,024
Income tax expense	7	**(738,641)**	(1,223,426)
Profit for the year		**3,255,487**	5,329,598
Attributable to:			
Owners of the Company		**2,365,868**	4,149,018
Non-controlling interests		**889,619**	1,180,580
		3,255,487	5,329,598
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
- Basic	8	**0.32**	0.58
- Diluted	8	**0.32**	0.56
Dividends		**1,176,826**	1,706,398

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Profit for the year	**3,255,487**	5,329,598
Other comprehensive (expense)/income that may be subsequently reclassified to profit or loss:		
- Fair value (loss)/gain on available-for-sale financial assets, net of tax	**(702,970)**	2,648,487
- Release on disposal of available-for-sale financial assets, net of tax	**-**	(881,395)
Total comprehensive income for the year	**2,552,517**	7,096,690
Attributable to:		
Owners of the Company	**1,662,898**	5,916,110
Non-controlling interests	**889,619**	1,180,580
Total comprehensive income for the year	**2,552,517**	7,096,690

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	**As at 31 December 2016** *RMB'000*	2015 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**70,886,660**	68,130,725
Prepayments for construction of power plants		**2,809,393**	1,412,492
Prepaid lease payments		**883,505**	714,870
Goodwill		**835,165**	835,165
Interests in associates		**3,029,930**	2,950,049
Interests in joint ventures		**560,744**	555,253
Available-for-sale financial assets	10	**4,585,809**	5,502,373
Deferred income tax assets		**244,137**	158,213
Derivative financial instruments	11	**-**	202,840
Restricted deposits		**7,200**	330,032
Other non-current assets		**501,198**	241,548
		84,343,741	81,033,560
Current assets			
Inventories		**410,692**	319,101
Prepaid lease payments		**19,736**	16,053
Accounts receivable	12	**2,345,994**	2,637,936
Prepayments, deposits and other receivables		**804,590**	620,202
Amounts due from related parties		**730,005**	77,525
Tax recoverable		**76,723**	3,909
Derivative financial instruments	11	**308,471**	-
Restricted deposits		**337,794**	6,809
Cash and cash equivalents		**1,809,415**	1,528,017
		6,843,420	5,209,552
Total assets		**91,187,161**	86,243,112

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**13,534,145**	13,534,145
Reserves		**13,732,848**	13,786,383
		27,266,993	27,320,528
Non-controlling interests		**7,327,841**	6,905,271
Total equity		**34,594,834**	34,225,799
LIABILITIES			
Non-current liabilities			
Deferred income		**82,140**	42,889
Bank borrowings		**24,704,030**	25,979,727
Borrowings from related parties		**4,962,711**	2,303,511
Other borrowings	13	**998,514**	2,997,530
Obligations under finance leases	14	**751,034**	1,180,095
Deferred income tax liabilities		**1,792,623**	1,968,569
Provisions for other long-term liabilities	15	**1,030,125**	906,339
		34,321,177	35,378,660

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
Current liabilities			
Accounts and bills payables	16	**967,149**	619,245
Construction costs payable		**2,708,739**	3,409,170
Other payables and accrued charges		**1,254,293**	1,253,340
Amounts due to related parties		**844,639**	692,782
Bank borrowings		**8,806,380**	6,862,469
Borrowings from related parties		**500,800**	713,800
Other borrowings	13	**6,581,100**	2,448,080
Current portion of obligations under finance leases	14	**430,281**	202,573
Taxation payable		**177,769**	437,194
		22,271,150	16,638,653
Total liabilities		**56,592,327**	52,017,313
Total equity and liabilities		**91,187,161**	86,243,112
Net current liabilities		**15,427,730**	11,429,101
Total assets less current liabilities		**68,916,011**	69,604,459

General Information

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

The financial information relating to the years ended 31 December 2016 and 2015 included in this announcement of annual results 2016 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2016 to the Registrar of Companies in due course.

The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2016 and 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Notes to the Consolidated Financial Statements

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). These consolidated financial statements have been prepared under the historical cost convention except that certain available-for-sale financial assets and the derivative financial instruments are measured at fair value, as appropriate.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2016:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 16 and 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

(b) New standards and amendments to standards not yet adopted by the Group

The following new standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

HKFRS 9	Financial Instruments(2)
HKFRS 15	Revenue from Contracts with Customers and related Amendments(2)
HKFRS 16	Leases(3)
Amendments to HKAS 7	Disclosure Initiative(1)
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses(1)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions(2)
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts(2)
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(4)

(1) Effective for annual periods beginning on or after 1 January 2017
(2) Effective for annual periods beginning on or after 1 January 2018
(3) Effective for annual periods beginning on or after 1 January 2019
(4) Effective for annual periods beginning on or after a date to be determined

The Group will apply the above new standards and amendments to standards as and when they become effective. Among which, based on the Group's current business practices and financial position as at 31 December 2016, the directors do not anticipate that the application of HKFRS 15 "Revenue from Contracts with Customers" in the future will have a material impact on the results and financial position of the Group but may result in more disclosures, and the directors anticipate that the application of HKFRS 16 "Leases" does not have significant impact to the Group. The Group is in the process of making assessment of the impact of the other new standards and amendments to standards and it is not yet in a position to state whether any substantial financial impact will be resulted.

2 Turnover, revenue and segment information

Revenue, representing turnover net of sales related taxes, recognized during the year is as follows:

	2016	2015
	RMB'000	*RMB'000*
Sales of electricity to regional and provincial power grid companies (note (a))	**18,829,067**	**20,173,845**
Provision of power generation and related services (note (b))	**37,086**	**22,825**
	18,866,153	**20,196,670**

Notes:

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the People's Republic of China (the "PRC").

(b) Provision of power generation and related services represents income from the provision of power generation and related services to other power plants and power grid companies in the PRC which are calculated based on mutually agreed terms.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Currently, it is determined that the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity" in the PRC are the reportable segments of the Group meeting the quantitative thresholds required by HKFRS 8.

During the year ended 31 December 2016, the management has concluded since 2016, "Generation and sales of wind power electricity" and "Generation and sales of photovoltaic power electricity" are renewable energy which can be reported as a new segment, namely "Generation and sales of wind and photovoltaic power electricity", which is closely monitored by the CODM as a potential growth business and is expected to gradually increase its contribution to the Group's results in the future. The comparative figures have been restated to reflect such change.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from and gain on disposal of available-for-sale financial assets, if any. Other information provided to the CODM is measured in a manner consistent with that in these consolidated financial statements.

Segment assets exclude available-for-sale financial assets, derivative financial instruments, deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude taxation payable, deferred income tax liabilities and corporate liabilities, which are managed on a central basis.

	Year ended 31 December 2016				
	Coal-fired electricity *RMB'000*	**Hydropower electricity** *RMB'000*	**Wind and photovoltaic power electricity** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment revenue					
Sales of electricity	**13,022,517**	**5,394,992**	**411,558**	**-**	**18,829,067**
Provision of power generation and related services	**34,506**	**-**	**2,580**	**-**	**37,086**
	13,057,023	**5,394,992**	**414,138**	**-**	**18,866,153**
Segment results	**1,754,555**	**3,530,705**	**105,951**	**-**	**5,391,211**
Unallocated income	**-**	**-**	**-**	**304,613**	**304,613**
Unallocated expenses	**-**	**-**	**-**	**(345,246)**	**(345,246)**
Operating profit/(loss)	**1,754,555**	**3,530,705**	**105,951**	**(40,633)**	**5,350,578**
Finance income	**2,434**	**2,644**	**550**	**15,377**	**21,005**
Finance costs	**(726,140)**	**(1,097,120)**	**(39,963)**	**(204,743)**	**(2,067,966)**
Share of profits of associates	**515,398**	**-**	**2,226**	**22,729**	**540,353**
Share of profits/(losses) of joint ventures	**150,230**	**-**	**-**	**(72)**	**150,158**
Profit/(loss) before taxation	**1,696,477**	**2,436,229**	**68,764**	**(207,342)**	**3,994,128**
Income tax (expense)/credit	**(168,499)**	**(546,098)**	**2,355**	**(26,399)**	**(738,641)**
Profit/(loss) for the year	**1,527,978**	**1,890,131**	**71,119**	**(233,741)**	**3,255,487**
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	**3,613,547**	**636,133**	**3,327,321**	**53,699**	**7,630,700**
Depreciation of property, plant and equipment	**1,914,115**	**1,192,066**	**165,519**	**10,433**	**3,282,133**
Amortization of prepaid lease payments	**10,310**	**5,785**	**441**	**1,451**	**17,987**
Loss on disposal of property, plant and equipment, net	**5,709**	**3,600**	**-**	**49**	**9,358**

	As at 31 December 2016				
	Coal-fired electricity	**Hydropower electricity**	**Wind and photovoltaic power electricity**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment assets					
Other segment assets	**37,111,227**	**35,496,057**	**7,597,493**	**-**	**80,204,777**
Goodwill	**67,712**	**767,453**	**-**	**-**	**835,165**
Interests in associates	**2,641,697**	**-**	**2,227**	**386,006**	**3,029,930**
Interests in joint ventures	**490,257**	**-**	**-**	**70,487**	**560,744**
	40,310,893	**36,263,510**	**7,599,720**	**456,493**	**84,630,616**
Available-for-sale financial assets					**4,585,809**
Deferred income tax assets					**244,137**
Derivative financial instruments					**308,471**
Other unallocated assets					**1,418,128**
Total assets per consolidated statement of financial position					**91,187,161**
Segment liabilities					
Other segment liabilities	**(4,556,939)**	**(2,321,165)**	**(662,838)**	**-**	**(7,540,942)**
Borrowings	**(18,632,782)**	**(21,962,678)**	**(3,336,475)**	**(2,621,600)**	**(46,553,535)**
	(23,189,721)	**(24,283,843)**	**(3,999,313)**	**(2,621,600)**	**(54,094,477)**
Deferred income tax liabilities					**(1,792,623)**
Taxation payable					**(177,769)**
Other unallocated liabilities					**(527,458)**
Total liabilities per consolidated statement of financial position					**(56,592,327)**

	Coal-fired electricity	Hydropower electricity	Wind and photovoltaic power electricity	Unallocated	Total
	Year ended 31 December 2015 (Restated)				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales of electricity	14,483,727	5,537,358	152,760	-	20,173,845
Provision of power generation and related services	22,825	-	-	-	22,825
	14,506,552	5,537,358	152,760	-	20,196,670
Segment results	3,359,057	3,587,018	9,874	-	6,955,949
Unallocated income	-	-	-	1,444,503	1,444,503
Unallocated expenses	-	-	-	(538,663)	(538,663)
Operating profit	3,359,057	3,587,018	9,874	905,840	7,861,789
Finance income	6,583	13,878	354	22,051	42,866
Finance costs	(607,338)	(1,276,188)	(8,127)	(346,643)	(2,238,296)
Share of profits of associates	732,584	-	-	7,967	740,551
Share of profits/(losses) of joint ventures	162,137	-	-	(16,023)	146,114
Profit before taxation	3,653,023	2,324,708	2,101	573,192	6,553,024
Income tax (expense)/credit	(553,796)	(378,366)	10,796	(302,060)	(1,223,426)
Profit for the year	3,099,227	1,946,342	12,897	271,132	5,329,598
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	3,187,752	384,611	1,906,832	1,276	5,480,471
Depreciation of property, plant and equipment	1,745,360	1,218,096	60,689	9,258	3,033,403
Amortization of prepaid lease payments	9,204	5,405	25	1,406	16,040
Loss on disposal of property, plant and equipment, net	196,567	83	-	-	196,650
Impairment of property, plant and equipment	291,701	32,576	-	-	324,277
Impairment of interest in a joint venture	-	-	-	156,370	156,370
Impairment of inventories	7,075	-	-	-	7,075

	As at 31 December 2015 (Restated)				
	Coal-fired electricity	**Hydropower electricity**	**Wind and photovoltaic power electricity**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets					
Other segment assets	34,637,561	36,536,296	3,645,344	-	74,819,201
Goodwill	67,712	767,453	-	-	835,165
Interests in associates	2,851,030	-	-	99,019	2,950,049
Interests in joint ventures	484,693	-	-	70,560	555,253
	38,040,996	37,303,749	3,645,344	169,579	79,159,668
Available-for-sale financial assets					5,502,373
Deferred income tax assets					158,213
Derivative financial instruments					202,840
Other unallocated assets					1,220,018
Total assets per consolidated statement of financial position					86,243,112
Segment liabilities					
Other segment liabilities	(4,522,162)	(2,910,072)	(443,797)	-	(7,876,031)
Borrowings	(11,818,350)	(22,546,892)	(1,209,795)	(5,730,080)	(41,305,117)
	(16,340,512)	(25,456,964)	(1,653,592)	(5,730,080)	(49,181,148)
Deferred income tax liabilities					(1,968,569)
Taxation payable					(437,194)
Other unallocated liabilities					(430,402)
Total liabilities per consolidated statement of financial position					(52,017,313)

All revenues from external customers are generated from the PRC. Except that certain cash and bank balances equivalent to RMB265,355,000 were deposited in certain banks in Hong Kong at 31 December 2016 (2015: RMB397,027,000), substantially all of the Group's assets, liabilities and capital expenditure are located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. For the year ended 31 December 2016, the Group's external revenue amounting to RMB15,031,224,000 (2015: RMB15,583,354,000) was generated from four (2015: four) major customers, each of which accounted for 10% or more of the Group's external revenue.

3 Other income

	2016	2015
	RMB'000	*RMB'000*
Rental income	**61,326**	71,158
Hotel operations income	**33,313**	35,116
Income from provision of repairs and maintenance services	**77,762**	57,656
Dividend income	**95,543**	95,343
Management fee income	**5,888**	10,304
Income from provision of IT and other services	**26,716**	30,706
Value-added tax refund (note)	**216,727**	237,601
Compensation income	**13,611**	13,989
	530,886	551,873

Note:

To support the development of the hydropower industry and standardize the value-added tax ("VAT") policies applicable to large-scale hydropower companies, in February 2014, the Ministry of Finance and State Administration of Taxation jointly released Caishui [2014] No. 10 ("Circular 10"). Circular 10 specifies that hydropower plants with installed capacity over 1 million kilowatt and selling self-produced electricity products could apply for VAT preferential policies. Eligible enterprises are entitled to a refund of the portion of actual VAT paid which exceeds 8% and 12% of the relevant revenue for the period from 1 January 2013 to 31 December 2015 and the period from 1 January 2016 to 31 December 2017, respectively.

4 Other gains and losses, net

	2016	2015
	RMB'000	*RMB'000*
Amortization of deferred income	**10,958**	2,317
Government subsidies (note)	**23,268**	190,189
Gain on disposal of emission quota	**-**	4,143
Loss on disposal of property, plant and equipment, net	**(9,358)**	(196,650)
Gain on disposal of available-for-sale financial assets (Note 10)	**-**	1,175,193
Fair value gain on derivative financial instruments (Note 11)	**105,631**	61,083
Sales of unused power production quota	**175,747**	55,731
Impairment of property, plant and equipment	**-**	(324,277)
Impairment of interest in a joint venture	**-**	(156,370)
Profits on trading of coal, coal by-products and spare parts	**46,215**	36,212
Others	**33,483**	9,022
	385,944	856,593

Note:

The government subsidies received by the Group during the year ended 31 December 2015 mainly comprised of government grants of RMB180,000,000 in relation to the shutting down of its outdated power generators during the years of 2012 and 2013. Such government grants were unconditional and all the related costs which such grants were intended to compensate for had been charged to the profit or loss in previous years, therefore the grants received during the year ended 31 December 2015 was recognized directly in the consolidated income statement as other gains.

5 Operating profit

Operating profit is stated after charging the following:

	2016	2015
	RMB'000	*RMB'000*
Amortization of prepaid lease payments	**17,987**	16,040
Auditor's remuneration	**6,459**	6,459
Research and development expenses	**16,493**	5,772
Depreciation of property, plant and equipment		
- owned property, plant and equipment	**3,196,121**	2,957,006
- property, plant and equipment under finance leases	**86,012**	76,397
Operating lease rental expenses in respect of		
- equipment	**9,637**	7,061
- leasehold land and buildings	**50,623**	44,307
Impairment of inventories	**-**	7,075
Reservoir maintenance and usage fees	**138,146**	141,996
Cost of purchase of unused power production quota	**101,128**	105,471

6 Finance income and finance costs

	2016	2015
	RMB'000	*RMB'000*
Finance income		
Interest income from bank deposits	**15,455**	39,888
Interest income from CPI Financial Company Limited* ("CPIF")	**859**	78
Interest income from a fellow subsidiary	**89**	-
Interest income from an associate	**4,602**	2,900
	21,005	42,866
Finance costs		
Interest expense on		
- bank borrowings	**1,458,488**	1,786,222
- long-term borrowings from related parties	**196,793**	164,701
- short-term borrowings from related parties	**16,753**	19,714
- long-term other borrowings	**149,239**	188,233
- short-term other borrowings	**52,823**	10,754
- amount due to China Power International Holding Limited ("CPIH")	**1,894**	2,923
- obligations under finance leases	**70,617**	72,518
- provisions for other long-term liabilities (Note 15)	**87,090**	85,136
	2,033,697	2,330,201
Less: amounts capitalized	**(164,538)**	(222,162)
	1,869,159	2,108,039
Net foreign exchange losses	**198,807**	130,257
	2,067,966	2,238,296

The weighted average interest rate on capitalized borrowings is approximately 4.53% (2015: 5.37%) per annum.

7 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the years ended 31 December 2016 and 2015.

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2015: 25%) on the estimated assessable income for the year except as disclosed below.

The amount of income tax recognized in the consolidated income statement represents:

	2016	2015
	RMB'000	*RMB'000*
PRC current income tax		
Charge for the year	**763,639**	1,244,801
Under provision in prior year	**2,548**	1,082
	766,187	1,245,883
Deferred income tax		
Credit for the year	**(27,546)**	(22,457)
	738,641	1,223,426

The PRC current income tax charge for the year ended 31 December 2015 included the related taxation charge arising from the gain on disposal of shares of Shanghai Electric Power Co., Ltd.* ("Shanghai Power") of RMB279,964,000.

Share of taxation charge attributable to associates and joint ventures for the year ended 31 December 2016 of RMB181,165,000 (2015: RMB238,781,000) and RMB44,841,000 (2015: RMB54,263,000) respectively were included in the Group's share of profits of associates/joint ventures.

For the year ended 31 December 2016, certain subsidiaries of the Group, were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5% or 15% (2015: 12.5%).

As at 31 December 2016, two subsidiaries of the Group had investment tax credits ("Tax Credits") with an accumulated amount of RMB189,308,000 (2015: RMB189,308,000) of which RMB103,983,000 (2015: RMB102,573,000) were utilized against their income tax charges since the granting of such Tax Credits. The Tax Credits are calculated based on 10% of the purchase price of specific environmental friendly, water- and energy-saving, safety enhanced facilities used in the Group's coal-fired power business. The Tax Credits are recognized as a reduction of current income tax when they are realized. The portion of Tax Credits that has not been utilized can be carried forward over a period of no more than five years.

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of shares in issue during the year.

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**2,365,868**	4,149,018
Weighted average number of shares in issue (shares in thousands)	**7,355,165**	7,205,454
Basic earnings per share (RMB)	**0.32**	0.58

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume exercise or conversion of all dilutive potential ordinary shares arising from the Company's share options and convertible bonds.

For the years ended 31 December 2016 and 2015, the Company has share options that are dilutive potential ordinary shares, and a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 December 2015, the Company had convertible bonds that were dilutive potential ordinary shares. The convertible bonds were assumed to have been converted into ordinary shares, and the profit attributable to owners of the Company was adjusted to eliminate the interest expense less the tax effect.

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**2,365,868**	4,149,018
Adjustment for finance costs on convertible bonds (after tax) (RMB'000)	**-**	9,433
Profit used to determine diluted earnings per share (RMB'000)	**2,365,868**	4,158,451
Weighted average number of shares in issue (shares in thousands)	**7,355,165**	7,205,454
Adjustment for share options (shares in thousands)	**4,319**	11,602
Adjustment for convertible bonds (shares in thousands)	**-**	147,185
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	**7,359,484**	7,364,241
Diluted earnings per share (RMB)	**0.32**	0.56

9 Property, plant and equipment

	2016	2015
	RMB'000	*RMB'000*
Opening net book value as at 1 January	**68,130,725**	66,741,330
Additions and transfer from prepayment (note)	**6,043,494**	4,469,549
Acquisition of assets through acquisition of a subsidiary	**137,316**	-
Transfer from assets held for sale	**-**	589,545
Disposals	**(142,742)**	(312,019)
Depreciation charge for the year	**(3,282,133)**	(3,033,403)
Impairment charge for the year	**-**	(324,277)
Closing net book value as at 31 December	**70,886,660**	68,130,725

Note:

Additions in the property, plant and equipment for the year ended 31 December 2016 included provisions for compensations for inundation caused by the construction of two hydropower plants of the Group. For the year ended 31 December 2016, management has reviewed and performed assessment on such provision, and an additional provision of RMB157,243,000 (2015: RMB20,206,000) was provided to reflect the current best estimate (Note 15).

10 Available-for-sale financial assets

	2016	2015
	RMB'000	*RMB'000*
Unlisted equity investments in the PRC		
- at cost	**175,442**	154,712
Equity securities listed in the PRC		
- at fair value (note)	**4,410,367**	5,347,661
	4,585,809	5,502,373
Market value of equity securities listed in the PRC	**4,410,367**	5,347,661

Note:

Details of the equity securities listed in the PRC held directly by the Company as at 31 December 2016 and 2015 are as follows:

Name of company	**Place of establishment and operation**	**Registered and paid up capital**	**Equity interest attributable to the Group**	**Type of legal entity**	**Principal activity**
Shanghai Power#	The PRC	RMB2,139,739,000	16.98%	Joint stock company with limited liability with its A-shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

Shanghai Power is a subsidiary of State Power Investment Corporation* ("SPIC").

During the year ended 31 December 2015, the Company disposed of 40,173,628 shares of Shanghai Power. After the disposal, the Company's equity interest in Shanghai Power was reduced from 18.86% to 16.98%. The cumulative pre-tax gain recognized in other comprehensive income in relation to the shares disposed of was RMB1,175,193,000, which was then reclassified from other comprehensive income to profit or loss (Note 4).

11 Derivative financial instruments

	2016	2015
	RMB'000	*RMB'000*
Derivative financial instruments - assets		
- Non-current	**-**	202,840
- Current	**308,471**	-
	308,471	202,840

In 2015, the Company entered into two derivative financial instruments to hedge foreign currency risk for the short-term USD commercial notes issued by the Company in July 2014.

Such two derivative financial instruments are European style USD call options with expiration date on 28 June 2017. Under these contracts, the Company is entitled to buy USD190,649,000 and USD106,129,000 with RMB at the strike price of 6.1225 and 6.1375 respectively. The premium at the date of acquisition in both contracts amounted to RMB91,862,000 and RMB49,895,000 respectively. These derivative financial instruments have been reclassified as current assets as at 31 December 2016.

These derivative financial instruments were categorized as financial assets at fair value through profit or loss. They were not designated as hedging instruments in accordance with HKAS 39. The change in fair values of these derivative financial instruments for the year ended 31 December 2016 of a gain of RMB105,631,000 (2015: RMB61,083,000) was recognized in the consolidated income statement as other gains (Note 4).

12 Accounts receivable

	2016	2015
	RMB'000	*RMB'000*
Accounts receivable from regional and provincial power grid companies (note (a))	**2,119,135**	2,415,646
Accounts receivable from other companies (note (a))	**14,047**	5,320
	2,133,182	2,420,966
Notes receivable (note (c))	**212,812**	216,970
	2,345,994	2,637,936

Notes:

(a) The ageing analysis of the accounts receivable presented based on invoice date is as follows:

	2016	2015
	RMB'000	*RMB'000*
1 to 3 months	**1,983,371**	2,401,027
4 to 6 months	**95,590**	10,404
Over 6 months	**54,221**	9,535
	2,133,182	2,420,966

The credit quality of accounts receivable that are neither past due nor impaired has been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

(b) As at 31 December 2016, accounts receivable that were past due but not impaired amounted to RMB149,811,000 (2015: RMB19,939,000), which mainly represented the wind and photovoltaic power price premium. The directors consider that there has not been a significant change in credit quality and there was no impairment in view of the creditability of the debtors and the continuing repayment from these debtors.

(c) As at 31 December 2016, notes receivable are bank acceptance notes issued by third parties and are normally with maturity period of 180 days (2015: 180 days).

(d) As at 31 December 2016, certain bank borrowings and long-term borrowings from CPIF were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 31 December 2016 amounted to RMB1,125,880,000 (2015: RMB1,769,988,000).

(e) The fair values of accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

13 Other borrowings

	2016	2015
	RMB'000	*RMB'000*
Non-current		
Corporate bonds issued by:		
- the Company (note (a))	**2,000,000**	2,000,000
- a subsidiary (note (b))	**998,514**	997,530
	2,998,514	2,997,530
Less: Current portion of corporate bonds issued by the Company	**(2,000,000)**	-
	998,514	2,997,530
Current		
Corporate bonds issued by the Company reclassified as current (note (a))	**2,000,000**	-
Short-term other borrowings :		
- Short-term debentures issued by a subsidiary	**500,000**	500,000
- Commercial notes (note (c))	**2,081,100**	1,948,080
- Short-term commercial papers issued by the Company (note (d))	**2,000,000**	-
	6,581,100	2,448,080
	7,579,614	5,445,610

Notes:

(a) Unsecured RMB denominated corporate bonds of RMB2,000,000,000 (2015: RMB2,000,000,000) were issued by the Company in May 2014 for a term of three years at an interest rate of 4.50% (2015: 4.50%) per annum. These bonds are fully repayable in May 2017 and have been reclassified as current liabilities as at 31 December 2016.

(b) Balance represents certain long-term corporate bonds issued by Wu Ling Power Corporation* ("Wu Ling Power") for a term of ten years from April 2009 which are bearing interest at 4.60% (2015: 4.60%) per annum. These bonds are guaranteed by SPIC.

(c) Pursuant to the Commercial Paper Dealer Agreement entered into by the Company on 8 July 2014, the Company may issue USD denominated commercial notes to institutional accredited investors in the United States with an aggregate amount of not more than USD300,000,000 for a 3-year period starting 8 July 2014. The term of each commercial note is not more than 270 days. As at 31 December 2016, commercial notes of USD300,000,000 (approximately RMB2,081,100,000) (2015: USD300,000,000 (approximately RMB1,948,080,000)) issued by the Company were outstanding. The commercial notes do not bear nominal interest rates but were issued at discount rates ranging from 0.85% to 1.40% (2015: 0.42% to 0.50%) during the year ended 31 December 2016.

(d) 2016 first tranche of the short-term commercial papers of RMB2,000,000,000 were issued by the Company in October 2016 for a term of one year at an interest rate of 2.80% per annum. The short-term commercial papers are unsecured and denominated in RMB.

14 Obligations under finance leases

	2016	2015
	RMB'000	*RMB'000*
Obligations under finance leases	**1,181,315**	1,382,668
Less: Current portion of obligations under finance leases	**(430,281)**	(202,573)
Non-current portion of obligations under finance leases	**751,034**	1,180,095

15 Provisions for other long-term liabilities

Provisions for other long-term liabilities as at 31 December 2016 represent provision of RMB1,164,355,000 (2015: RMB1,024,921,000) in relation to compensations for inundation caused by the construction of two hydropower plants of the Group.

The provision is measured at the present value of the expenditures expected to be required to settle the compensations, based on the latest rules and regulations as set out by the relevant local government authorities in the PRC and the expected useful life of the two hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provision due to the passage of time is recognized as interest expense.

Analysis of the provisions for compensations for inundation as at 31 December 2016 and 2015 is as follows:

	2016	2015
	RMB'000	*RMB'000*
Non-current liabilities (included in provisions for other long-term liabilities)	**1,030,125**	906,339
Current liabilities (included in other payables and accrued charges)	**134,230**	118,582
	1,164,355	1,024,921

The movement of the provisions for compensations for inundation during the years ended 31 December 2016 and 2015 is as follows:

	2016	2015
	RMB'000	*RMB'000*
Opening balance as at 1 January	**1,024,921**	982,452
Recognized during the year (Note 9)	**157,243**	20,206
Interest expense (Note 6)	**87,090**	85,136
Payment	**(104,899)**	(62,873)
Closing balance as at 31 December	**1,164,355**	1,024,921

16 Accounts and bills payables

	2016	2015
	RMB'000	*RMB'000*
Accounts payable (note (a))	**590,222**	412,241
Bills payable (note (b))	**376,927**	207,004
	967,149	619,245

Notes:

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable presented based on invoice date is as follows:

	2016	2015
	RMB'000	*RMB'000*
1 to 6 months	**539,937**	376,456
7 to 12 months	**5,599**	3,228
Over 1 year	**44,686**	32,557
	590,222	412,241

(b) As at 31 December 2016, bills payable are bills of exchange with maturity period ranging from 3 to 12 months (2015: ranged from 3 to 12 months).

(c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

Business Review

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

During the year under review, the power industry in the PRC experienced a complicated and changing market environment. In 2016, the national total electricity consumption rose by 5.0% as compared with the previous year. Although the growth rate increased significantly as compared with 2015, the national power generation installed capacity as at the end of 2016 recorded a year-on-year increase of 8.2%, which was even higher than the growth rate of national total electricity consumption, indicating an oversupply of national power supply.

With the reform of China's power market, the PRC government has gradually introduced changes to the structure of the power supply market. Previously, electricity was only supplied by power generators through power grid operators to end-users, subject to the qualification application and approval by the relevant authorities, large-volume electricity end-users are now allowed to trade directly with power generation companies ("direct power supply") with a view to eventually opening up a direct power supply market. As the size of direct power supply transactions continued to expand, the competition in the power generation industry is further intensified.

In 2016, China announced the national "13th Five-year" plans for energy and power, and it successively rolled out a number of energy policies, offering significant guidance for the development of power industry. On the whole, Chinese government values environmental protection and proactively makes efforts to cope with global climate change, further strictly restricts the consumption of fossil energy, and enhances the guarantee of clean energy. In the meantime, with the deepening of market-oriented reform on the power system, the markets of electricity distribution and sales and integrated energy services will be further opened in an orderly manner.

The main achievements made by the Group in 2016 are as follows:

- Achieved effective operation. Taking full advantage of cascade adjusting watershed management optimized hydropower production efficiency in maintaining profits. New operating wind and photovoltaic power stations continued to increase revenue and profit. Through technical upgrade for the existing coal-fired power generating units, the Group has expanded the heat supply capacity, secured ultra-low emission tariffs and obtained various fiscal subsidies. By actively broadening different financing channels, enhanced the debt structure and reduced the financing costs.

- Attained significant results from strategical transformation and development. The Group put into operation a number of wind power and photovoltaic power stations during the year under review, including Datong Power Station which is the first "Top Runner" photovoltaic power project in operation under the “13th Five-year Plan” of China. During the year, the Group participated in the investment in Guian New District (貴安新區), one of the national comprehensive power reform pilots (國家綜合電改試點) in Guizhou Province, and entered into the domain of local electricity distribution and sales by acquiring 12.17% of equity interest in Sichuan Energy Investment (四川能投), and actively developed integrated energy services in Guangxi, Guangdong, Sichuan, Anhui and other places.

- Fulfilled its environmental and social responsibilities earnestly. The Group has actively coped with global climate change and increased the proportion of clean energy by developing renewable energy. We also promoted the ultra-low-emission improvement plans for the coal-fired power generating units. This significantly reduced the emission of major pollutants and cut coal consumption rate for power supply and greenhouse gas emission.

In 2016, the Group overcame various difficulties and maintained stable operating results. In 2016, total electricity sales amounted to 60,760,318 MWh, representing a decrease of 0.18% over the last year, and profit attributable to owners of the Company was approximately RMB2,365,868,000, representing a decrease of approximately 28.78% over the last year, after deducting the one-off after tax gain on disposal of part of equity interests in Shanghai Power in 2015, mainly due to the reduction of on-grid tariffs of coal-fired power and the impact of rising coal prices. Basic earnings per share was approximately RMB0.32. Net assets per share, excluding non-controlling interests, was approximately RMB3.71, on par with that as at 31 December 2015.

Attributable Installed Capacity

As a result of new generating units commenced operation during the year, the attributable installed capacity of the Group’s power plants reached 16,728.6MW as at 31 December 2016, representing an increase of 474.0MW as compared with the previous year. Among which, the attributable installed capacity of renewable energy including hydropower, wind power and photovoltaic power was 3,682.5MW, accounting for approximately 22.01% of the total attributable installed capacity, representing an increase of 2.27 percentage points as compared with the previous year.

In 2016, the Group efficiently boosted the construction of renewable energy plants. Among which, Datong Power Station with 100MW of photovoltaic power is the feature of “Top Runner” projects. The Group will continue to vigorously promote the development of renewable energy and actively participate in the “Top Runner” photovoltaic programs supported by the government, in order to increase the proportion of renewable energy.

The Group's new power generating units that commenced commercial operation during the year under review included:

Power Plant	**Type of Power Plant**	**Installed Capacity** (MW)	**Interest** (%)	**Attributable Installed Capacity** (MW)	**Timeline for Commercial Operation**
Shanshan Power Plant	Wind power	49.5	63	31.2	August 2016
Gulang Power Plant	Wind power	100	44.1	44.1	October 2016
Jiaoganghu Power Station	Photovoltaic power	40	100	40	January to August 2016
Luoyang Yituo Power Station	Photovoltaic power	6	100	6	March 2016
Shuocheng District Power Station	Photovoltaic power	50	100	50	May 2016
Datong Power Station	Photovoltaic power	100	100	100	June 2016
Tieling Power Station	Photovoltaic power	25	100	25	July 2016
Tiemengang Power Station	Photovoltaic power	50	100	50	August 2016
CP Jiangmen Power Station#	Photovoltaic power	14	100	14	August 2016
Qinggil Power Station	Photovoltaic power	20	63	12.6	August 2016
New Barag Left Banner Power Station	Photovoltaic power	10	63	6.3	August 2016
Huangnitan Power Station	Photovoltaic power	20	100	20	October 2016
Total		**484.5**		**399.2**	

CP (Jiangmen) Integrated Energy Company Limited ("CP Jiangmen") included two photovoltaic power projects.

Note: Apart from the above additional power generating units, as compared to the previous year, the Group recorded a net increase in attributable installed capacity of 474.0MW when accounted for commercial operation of a photovoltaic power station of an associate, Changshu Power Plant and the changes in the installed capacity of Shanghai Power.

Power Generation, Electricity Sold and Utilization Hours

In 2016, the details of power generation and electricity sold of the Group are set out as follows:

	2016 *MWh*	2015 *MWh*	Changes *%*
Total power generation	**63,403,445**	63,531,141	-0.20
- Coal-fired power	**44,604,876**	44,645,118	-0.09
- Hydropower	**18,075,229**	18,570,520	-2.67
- Wind power	**465,293**	315,503	47.48
- Photovoltaic power	**258,047**	N/A	N/A

Total electricity sold	**60,760,318**	60,868,493	-0.18
- Coal-fired power	**42,244,478**	42,252,014	-0.02
- Hydropower	**17,819,196**	18,313,257	-2.70
- Wind power	**441,614**	303,222	45.64
- Photovoltaic power	**255,030**	N/A	N/A

In 2016, the details of and electricity sold of the Group's main associates and joint ventures are set out as follows:

	2016 *MWh*	2015 *MWh*	Changes *%*
Total electricity sold	**20,498,973**	18,887,820	8.53
Changshu Power Plant			
- Coal-fired power	**16,988,901**	15,842,150	7.24
- Photovoltaic power	**14,693**	N/A	N/A
Xintang Power Plant			
- Coal-fired power	**3,495,379**	3,045,670	14.77

In 2016, the average utilization hours of coal-fired power generating units of the Group was 3,714 hours, representing a decrease of 385 hours as compared with the previous year, mainly affected by the national electricity supply growth exceeds the demand growth and the surge in hydropower generation that squeezed the space for coal-fired power generation in certain regions where the Group's coal-fired power plants are located. The average utilization hours of hydropower generating units was 3,780 hours, representing a decrease of 113 hours as compared with the previous year. The average utilization hours of wind power generating units was 1,581 hours, representing a slight decrease of 49 hours as compared with the previous year.

The Group will continue to strengthen the analysis on policies and trend of the electricity market, to adjust the distribution and arrangement of power plants and power supply and to set effective sales strategy in order to cope with the national power system reform and the emphasis on environmental protection. To align with electricity market change, we strive to promote the sales of direct power supply, speed up the transformation to energy integration and clean energy, to maintain and enlarge market share and lift the utilization hours of generating units.

On-Grid Tariff

In 2016, the Group's average on-grid tariffs compared to the previous year:

- coal-fired power was RMB309.08/MWh, representing a decrease of RMB34.25/MWh;
- hydropower was RMB302.76/MWh, representing an increase of RMB0.39/MWh;
- wind power was RMB475.03/MWh, representing a decrease of RMB28.76/MWh; and
- photovoltaic power was RMB801.32/MWh.

The decrease in the average on-grid tariff of coal-fired power was mainly due to the downward adjustments of on-grid tariffs for coal-fired power generating companies announced by the National Development and Reform Commission with effect from April 2015 and January 2016 respectively. The adverse effect of such decrease in on-grid tariff was partly offset by the green electricity subsidy tariffs approved by the local governments to some of our coal-fired power plants during the year. The Group will continue to closely monitor the development of the environmental protection policies from the PRC government and strengthen the research on the green energy tariff policies in order to actively seeking for more green electricity subsidies.

Unit Fuel Cost

In 2016, the average unit fuel cost of the Group's coal-fired power business was approximately RMB154.41/MWh, representing an increase of approximately 6.23% from that of RMB145.36/MWh of the previous year. During the year under review, the Group committed efforts on strengthening the coal-price management, optimizing the coal inventory in response to the market changes in a timely manner, seeking new coal supply channels to raise bargaining power for reducing procurement costs. On the other hand, the energy-saving advantages of large capacity power generating units also helped driving down the coal consumption. This resulted in the increase in unit fuel cost lower than that of Bohai-Rim Steam-Coal Price Index.

Coal Consumption

In 2016, the average net coal consumption rate of the Group was 304.93g/KWh, representing a decrease of 2.15g/KWh as compared with the previous year, equivalent to approximately a saving of 90,000 tons of standard coal. Apart from the decrease in pollutant emission, the impact on profit from the declining net coal consumption rate becomes even more significant amid the rising coal prices.

Recently, the Group's environmental friendly power generating units with large capacity and high parameter have been commencing operation successively and the energy-saving advantages have further driven down the net coal consumption rate significantly.

Heat Sold

In 2016, total heat sold by the Group (including associates and joint ventures) was 14,047,494 GJ, representing an increase of 4,136,256 GJ.

In recent years, the Group started to develop the heat supply projects and renovate with heat supply functions on suitable power generating units by making use of residual heat as a new source to secure profit growth and thus enhancing the utilization of energy integration as well as aligning with the direction of government emphasis on environmental protection and achieving the goal on energy saving and consumption reduction. As at 31 December 2016, nine power generating units of the Group (including an associate) have completed the heat supply renovation and three power generating units are expected to complete the heat supply renovation projects during 2017.

Operating Results of 2016

In 2016, the net profit of the Group amounted to approximately RMB3,255,487,000, representing a decrease of approximately RMB2,074,111,000 as compared with the previous year. Among which, save for the one-off after tax gain on disposal of partial interest in Shanghai Power of approximately RMB827,207,000 in 2015, the net profit decreased by approximately 27.69% as compared with the previous year. Contribution to net profit from renewable energy business was 60.24%, representing an increase of 16.72 percentage points year on year. Net profit contribution of renewable energy business increased gradually. In 2016, the net profits from the principal segment businesses and their respective ratio of contribution to the total net profit are as follows:

- coal-fired power was approximately RMB1,294,237,000 (39.76%, 2015: 56.48%);

- hydropower was approximately RMB1,890,131,000 (58.06%, 2015: 43.23%); and

- wind power and photovoltaic power was approximately RMB71,119,000 (2.18%, 2015: 0.29%).

As compared with 2015, the decrease in net profit (save for the one-off after tax gain on disposal of partial interest in Shanghai Power) was mainly due to the following factors:

- the average on-grid tariff of coal-fired power declined as compared with the previous year, resulting in a decrease in revenue of coal-fired power segment by approximately RMB1,449,529,000;

- the increase in unit fuel cost by RMB9.05/MWh as a result of increase in coal price during the year, increasing the fuel costs by approximately RMB385,099,000;

- the business expansion and the increase in the number of new power generating units led to the increase in depreciation of property, plant and equipment of approximately RMB248,730,000; and

- the decrease in the share of profits of associates by approximately RMB200,198,000.

However, part of the profit decrease for the year under review was offset by the following factors:

- the finance costs reduced by approximately RMB170,330,000 as a result of lending interest-rate cut;

- The provision for impairment of property, plant and equipment, and interests in a joint venture totaling of approximately RMB480,647,000 in 2015. There is no such provision for impairment in this year; and

- the decrease in the income tax expense by approximately RMB204,821,000 (after deducting the relevant income tax expense of RMB279,964,000 resulting from the one-off gain on disposal of partial interest in Shanghai Power in 2015 for comparison).

Revenue

The revenue of the Group was mainly derived from the sales of electricity. In 2016, the Group recorded a revenue of approximately RMB18,866,153,000, representing a decrease of 6.59% as compared with approximately RMB20,196,670,000 of the previous year. The decrease in revenue was mainly due to the decrease in average on-grid tariff of coal-fired power by 9.98% year on year as a result of lowered tariff, decreasing the revenue of coal-fired power by RMB1,449,529,000.

Segment Information

The reportable segments identified by the Group meeting the quantitative thresholds required by HKFRS 8 are now the "generation and sales of coal-fired electricity" and "generation and sales of hydropower electricity". Although the "generation and sales of wind and photovoltaic power electricity" does not meet such quantitative thresholds required for reportable segments, as it is closely monitored by the CODM as a potential growth business and is expected to gradually make a greater contribution to the Group's results in the future, it has been reported separately for the year under review.

Operating Costs

Operating costs of the Group mainly consist of fuel costs for coal-fired power generation, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, consumables and other operating expenses.

In 2016, the operating costs of the Group amounted to approximately RMB14,432,405,000, representing an increase of 5.01% as compared with approximately RMB13,743,347,000 of the previous year. The increase in operating costs was mainly due to the increase in fuel costs resulting from the rising coal prices as well as the increase in depreciation and repairs and maintenance resulting from the business expansion and the increasing number of new power generating units.

The supply-side structural reform in the coal industry continues to advance, with significant decrease in raw coal output in the PRC as compared with the previous year. The swift change of loose coal supply resulted in the sharp rise in coal price in the market since the beginning of the second half of 2016 and a significant increase in the operating costs of coal-fired power enterprises.

Operating Profit

In 2016, the Group's operating profit was approximately RMB5,350,578,000, representing a decrease of 31.94% as compared with the operating profit of approximately RMB7,861,789,000 of the previous year. Save for the one-off pre-tax gain on disposal of partial interest in Shanghai Power in the previous year, the Group's operating profit decreased by approximately 20.79% as compared with the previous year. The decrease in operating profit was mainly due to the decrease in average on-grid tariff of coal-fired power and the increase in coal price.

Finance Costs

In 2016, the finance costs of the Group amounted to approximately RMB2,067,966,000, representing a decrease of 7.61% as compared with approximately RMB2,238,296,000 of the previous year. As bank lending interest rate cuts, the Group has taken advantage of the changes in market interest rates and made continuous efforts to replace high-interest rate loans to lower the average interest rate.

Share of Profits of Associates

In 2016, the share of profits of associates was approximately RMB540,353,000, representing a decrease in profits of approximately RMB200,198,000 or 27.03% as compared with the share of profits of approximately RMB740,551,000 of the previous year. The decrease in profits was mainly because of the decreased contribution from an associate, Changshu Power Plant (principally engaged in coal-fired power generation).

Share of Profits of Joint Ventures

In 2016, the share of profits of joint ventures was approximately RMB150,158,000, representing an increase in profits of approximately RMB4,044,000 or 2.77% as compared with the share of profits of approximately RMB146,114,000 of the previous year, which was mainly due to the Group ceased sharing the loss of a joint venture (principally engaged in coal mining) in 2016.

Income Tax Expense

In 2016, income tax expense of the Group was approximately RMB738,641,000, representing a decrease of approximately RMB484,785,000 as compared with approximately RMB1,223,426,000 of the previous year. Such decrease was mainly caused by the disposal of 40,173,628 shares of Shanghai Power in the public market by the Group in the previous year, resulted in relevant income tax expense of approximately RMB279,964,000. Taking out this effect, the income tax expense decreased by approximately RMB204,821,000 as compared to the previous year. The decrease was mainly due to the decrease in operating profit.

For the year ended 31 December 2016, certain subsidiaries of the Group were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5% or 15% (2015: 12.5%).

As at 31 December 2016, two subsidiaries of the Group had Tax Credits with an accumulated amount of RMB189,308,000 (31 December 2015: RMB189,308,000) of which RMB103,983,000 (31 December 2015: RMB102,573,000) were utilized against their income tax charges since the granting of such Tax Credits. The Tax Credits are calculated based on 10% of the purchase price of specific environmental friendly, water- and energy-saving, safety enhanced facilities used in the Group’s coal-fired power business. The Tax Credits are recognized as a reduction of current income tax when they are realized. The portion of Tax Credits that has not been utilized can be carried forward over a period of no more than five years.

Earnings per Share and Final Dividend

In 2016, the basic and diluted earnings per share for profit attributable to owners of the Company were RMB0.32 (2015: RMB0.58) and RMB0.32 (2015: RMB0.56) respectively.

At the Board meeting held on 23 March 2017, the Board recommended the payment of a final dividend for the year ended 31 December 2016 of RMB0.160 (equivalent to HK$0.1805 at the exchange rate announced by the People's Bank of China on 23 March 2017) per ordinary share (2015: RMB0.232 (equivalent to HK$0.2770) per ordinary share), totaling approximately RMB1,176,826,000 (equivalent to HK$1,327,607,000) (2015: RMB1,706,398,000 (equivalent to HK$2,037,381,000)), which is based on 7,355,164,741 shares (2015: 7,355,164,741 shares) in issue on 23 March 2017 (2015: 23 March 2016).

Projects under Construction

As at 31 December 2016, the Group's projects under construction cover a wide range of projects such as coal-fired power, hydropower, wind power and photovoltaic power, with 21.47% of the attributable installed capacity of renewable energy. The Group's projects under construction are as follows:

Power Plant	**Type of Power Plant**	**Installed Capacity** (MW)	**Interest** (%)	**Attributable Installed Capacity** (MW)	**Expected Timeline for Commercial Operation**
CP Pu'an Power Plant	Coal-fired power	1,320	100	1,320	2018
Jiesigou Power Plant	Hydropower	24	44.1	10.6	2017
Luoshuidong Power Plant	Hydropower	35	63	22.1	2018
Mawo Power Plant	Hydropower	32	63	20.2	2018
Xinshao Longshan Power Plant	Wind power	50	63	31.5	2017
Daqingshan Power Plant	Wind power	50	63	31.5	2017
Xinping Power Plant	Wind power	49.5	32.1	15.9	2017
Lianyuan Longshan Power Plant	Wind power	49.9	44.1	22	2017
Jingzhushan Power Plant	Wind power	50	63	31.5	2017
Weishan Power Plant	Wind power	70	63	44.1	2018
Songmutang Power Plant	Wind power	50	63	31.5	2018
Taihexian Power Plant	Wind power	50.5	63	31.8	2018
Ziyunshan Power Plant	Wind power	50	44.1	22.1	2018
Shangjiangxu Power Plant	Wind power	70	44.1	30.9	2018
New Barag Left Banner Power Station^	Photovoltaic power	10	63	6.3	2017
Yiyang Power Station	Photovoltaic power	20	44.1	8.8	2017
Total		**1,980.9**		**1,680.8**	

^ The total installed capacity of New Barag Left Banner Power Station is 20MW, of which 10MW commenced operation in 2016.

New Development Projects

The Group has been actively seeking development opportunities for energy saving and environmental friendly coal-fired power and clean energy projects with large capacities and high parameters in areas with rich resources as well as regional and market advantages. Currently, the total installed capacity of new projects at a preliminary development stage (including projects which the approvals from government of the PRC have been applied for) is over 8,000 MW.

The development of the renewable energy will become a major goal for the Group in response to the national energy development strategy to promote resources conservation and environmental protection. In recent years, the Group has been actively seeking development opportunities in areas with competitive advantages, and devoting efforts to expedite the development of relevant projects. Currently, the total installed capacity of the renewable energy projects at a preliminary development stage is approximately 2,900MW and the projects are mainly located in Hunan, Shanxi and Xinjiang, the regions where the Group has competitive advantages. The Group will commit efforts on developing more renewable energy projects in the future. Currently, the installed capacity of the heat and power projects at a preliminary development stage is 700MW.

In addition, the Group will increase its effort in the development of the natural gas projects and expand their size of reserve. Currently, the installed capacity of natural gas power projects of the Group either have been granted approval or pending for approval is over 1,100MW.

Available-for-sale Financial Assets

The Group recognizes its shareholding in Shanghai Power as “Available-for-sale financial assets”. As at 31 December 2016, the Group had interest in 16.98% of the issued share capital of Shanghai Power, whose A-shares were listed on the Shanghai Stock Exchange.

As at 31 December 2016, the fair value of the shareholding held by the Group was approximately RMB4,410,367,000, representing a decrease of 17.53% from that of approximately RMB5,347,661,000 as at 31 December 2015.

Material Acquisitions and Disposals

On 18 January 2016, the Company entered into a letter of intent with SPIC, its ultimate holding company, whereby the Company proposed to acquire and SPIC proposed to sell 100% of the equity interest in SPIC Henan Electric Power Co., Ltd. (“Henan Power”). Currently, the audit and valuation on the assets and liabilities of Henan Power are progressing in an orderly manner.

The Company will carry out the relevant acquisition works depending on the market conditions and the wishes of the investors and will aim to promote the injection of high quality clean energy from the parent company.

During the year under review, the Group did not have material acquisition or disposal.

Liquidity and Financial Resources

As at 31 December 2016, cash and cash equivalents of the Group were approximately RMB1,809,415,000 (31 December 2015: RMB1,528,017,000). Current assets amounted to approximately RMB6,843,420,000 (31 December 2015: RMB5,209,552,000), current liabilities amounted to approximately RMB22,271,150,000 (31 December 2015: RMB16,638,653,000) and current ratio was 0.31 (31 December 2015: 0.31).

The financial resources of the Group were mainly derived from cash inflow from operating activities, borrowings from banks and related parties, project financing, bonds, short-term debentures and commercial notes issues.

Debts

As at 31 December 2016, total debts of the Group amounted to approximately RMB47,734,850,000 (31 December 2015: RMB42,687,785,000). All debts of the Group are denominated in Renminbi, Japanese Yen ("JPY") and United States Dollars ("USD"). With the highest amount among the foreign currency debts is the USD300,000,000 commercial notes (equivalent to RMB2,081,100,000 (31 December 2015: RMB1,948,080,000)), its exchange rate was locked with the use of options in order to prevent exchange rate risks.

The Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), as at 31 December 2016 was approximately 57% (31 December 2015: 55%). The Group's gearing ratio remained stable.

Set out below are details of the debts of the Group as at 31 December 2016 and 2015:

	2016	2015
	RMB'000	*RMB'000*
Bank borrowings, secured	**13,915,815**	15,411,773
Bank borrowings, unsecured	**19,594,595**	17,430,423
Borrowings from related parties	**5,463,511**	3,017,311
Corporate bonds and short-term commercial papers issued by the Company	**4,000,000**	2,000,000
Corporate bonds and short-term debentures issued by Wu Ling Power	**1,498,514**	1,497,530
Commercial notes	**2,081,100**	1,948,080
Obligations under finance leases	**1,181,315**	1,382,668
	47,734,850	42,687,785

The above debts were repayable as follows:

	2016	2015
	RMB'000	*RMB'000*
Within one year	**16,318,561**	10,226,922
In the second year	**10,605,704**	6,755,101
In the third to fifth year	**9,579,743**	12,969,252
After the fifth year	**11,230,842**	12,736,510
	47,734,850	42,687,785

Included in the above debts, about approximately RMB18,301,175,000 (31 December 2015: RMB13,853,545,000) are subject to fixed interest rates and the remaining debts denominated in RMB are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranging from 3.92% to 5.39% (2015: 3.92% to 6.40%) per annum.

Significant Financing Activities

In October 2016, the Company obtained a "Notification on Acceptance of Registration" confirming acceptance of the application for issue of short-term commercial papers in the PRC in an aggregate amount of RMB5 billion with an effective registration period of 2 years and to be issued in tranches within the effective period of the registration. The Company completed the issuance of the first tranche of the short-term commercial papers on 17 October 2016, the principal amount is RMB2 billion which bears interest at 2.80% with one year maturity. The drawdown of RMB1.54 billion were used for the repayment of existing bank borrowings, and the remaining balance would also be used for the repayment of bank borrowings in 2017.

Capital Expenditure

In 2016, capital expenditure of the Group was approximately RMB7,630,700,000 (2015: RMB5,480,471,000). Among which, the capital expenditure for clean energy sector (hydropower, wind power and photovoltaic power) was approximately RMB3,963,454,000, which was mainly used for construction of new power plants and power stations; whereas the capital expenditure for coal-fired power sector was approximately RMB3,613,547,000, which was mainly used for construction of new coal-fired power generating units and technical upgrade for the existing power generating units. Sources of funds were mainly from project financing, bonds and short-term debentures issue and funds generated from business operation.

Pledge of Assets

As at 31 December 2016, the Group pledged certain property, plant and equipment with a net book value of approximately RMB571,146,000 (31 December 2015: RMB510,203,000) to certain banks to secure bank borrowings in the amount of RMB286,820,000 (31 December 2015: RMB314,820,000). In addition, certain bank borrowings and borrowings from a related party were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 31 December 2016 amounted to approximately RMB1,125,880,000 (31 December 2015: RMB1,769,988,000). As at 31 December 2016, bank deposits of a subsidiary of the Group amounting to RMB300,000,000 (31 December 2015: RMB300,000,000) were pledged as security for bank borrowings in the amount of RMB300,000,000 (31 December 2015: RMB300,000,000).

Contingent Liabilities

As at 31 December 2016, the Group had no material contingent liabilities.

Risk Management

The Group has implemented all-rounded risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has an internal audit department in place for execution and implementation of risk management measures. The Company established the risk management committee under the Board on 23 March 2016 which is accountable and responsible to the Board and to assist the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Group, including risk policies, process and controls, in order to further enhance the Group's risk management and control capabilities effectively.

Foreign Exchange Rate Risks

The Group is principally operating in the Mainland China, with most transactions denominating in Renminbi. Apart from certain cash, bank balances and borrowings, most of the Group's assets and liabilities were denominated in Renminbi. The Group held commercial notes denominated in USD, and held borrowings denominated in USD and JPY. Increased fluctuation on Renminbi, USD and JPY exchange rates resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial position and operating results.

In order to manage exchange rate risks, the Group entered into two option contracts to sell RMB for USD with Bank of America at a fixed exchange rate with an aggregate amount of approximately USD296,778,000 in 2015, to hedge against the foreign exchange rate risks brought by the commercial notes of USD300,000,000 (the single most significant foreign currency debt of the Group). It is expected that there will be no material foreign exchange risk of RMB against USD upon settlement of the USD commercial notes.

As at 31 December 2016, the Group's borrowings denominated in foreign currencies amounted to approximately RMB2,520,170,000 (31 December 2015: RMB2,380,755,000).

Energy Saving and Emission Reduction

The Group has always been placing a great emphasis on environmental protection from the perspective of sustainable development, vigorously promoted energy conservation and emission reduction, conscientiously fulfilled social responsibility and actively responded to global climate change.

In positive response to the policy of "Action Plan of the Upgrade and Renovation for Coal-fired Units to Achieve Energy Saving and Emission Reduction 2014-2020 (煤電節能減排升級與改造行動計劃(2014-2020年))" issued by the PRC government, the Group continued to strengthen the environmental protection measures to its coal-fired power generating units. For the year ended 31 December 2016, the Group had thirteen coal-fired power generating units completed the ultra-low-emission improvement works. For the remaining coal-fired power generating units, we will also speed up the implementation of ultra-low-emission projects.

In 2016, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2015: 100%), and the efficiency ratio of desulphurization was 96.67% (2015: 96.23%); the operational ratio of denitration facilities reached 99.92% (2015: 99.70%) and the efficiency ratio of denitration reached 84.14% (2015: 80.10%).

During the year under review, environmental protection indicators for coal-fired power generating units were further improved:

- the emission rate of sulphur dioxide (SO_2) at 0.150g/KWh, representing a decrease of 0.048g/KWh compared with the previous year;

- the emission rate of nitrogen oxide (NO_x) at 0.185g/KWh, representing a decrease of 0.027g/KWh compared with the previous year; and

- the emission rate of dusts at 0.035g/KWh, representing a decrease of 0.015g/KWh compared with the previous year.

To prevent pollutants from exceeding the emission standards, the Group also incorporates concepts and requirements of social responsibility in the management of suppliers, clearly stipulates that the materials must meet the relevant national environmental protection laws while signing material purchase contracts.

During the year under review, all the power plants in which the Group has operational control, complied with the relevant environmental protection regulations of China. No fines or charges were imposed due to violation of regulations.

OPERATIONAL SAFETY

The Group's employees are equipped with labour tools and labour protection gears that are compliant with safety standards, while a variety of emergency training and exercises have been arranged, as the Group continues to improve its conditions for operations in strict compliance with the Laws of The People's Republic of China on the Safety Production and the Laws of The People's Republic of China on and the Prevention of Occupational Diseases and other laws and regulations relating to safety and hygiene. In addition, the Group has clearly specified the requirements of the index when making contracts with the coal suppliers, ensuring the safety of transportation and storage.

In 2016, no material safety accident in the aspects of employees, facilities and environmental protection occurred in the Group.

During the year under review, all operating power plants in which the Group has operational control, complied with the relevant production safety regulations of China. No fines or charges were imposed due to violation of regulations.

Employees and Remuneration Policies

As at 31 December 2016, the Group had a total of 9,723 (31 December 2015: 10,094) full-time employees.

The Group put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism. The Group determined the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performance.

The Group also focused on the training of employees and communication between employees of different positions. It continued to improve the professional and technical skills and overall competence of its employees to satisfy the needs of its expanding businesses.

During the reviewing year, all business units of which the Group has operational control, complied with the local labour laws. No fines or charges were imposed due to violation of laws.

Outlook for 2017

The year of 2017 is a critical year for implementing the national "13th Five-Year Plan" of economy. With the roll-out of the national "13th Five-Year" plans for energy and power in succession, the reform of energy production, supply, consumption and system will be further advanced. At the same time, the supply-side structural reform, state-owned enterprise reform and power system reform will exert profound influence on the energy industry.

According to the forecast from China Electricity Council, it is expected that the national total power consumption will increase by about 3% year on year, with sufficient national power supply. It is expected that additional national power generation installed capacity will reach approximately 110 million kilowatt in 2017, of which the installed capacity of non-fossil energy power generation will be approximately 60 million kilowatt, the utilization hours of power generating units will still be under pressure. In general, the operation and development of power industry will face greater challenges.

In 2017, the Group will focus on:

- Striving to maintain good operating results. The Group will make efforts in electricity sales marketing and to acquire favorable electricity tariffs. To promote the development of power distribution and sales business and develop the heat supply market. To continue strengthen fuel costs control, reduce financing costs, maintain profitability and cash flow as well as ensure safe production practice.

- Continuing to accelerate enterprises transformation. The Group will speed up the development of clean energy while control the construction of coal-fired power plants. To vigorously promote energy saving and emission reduction in order to actively cope with global climate change. To rapidly promote power distribution and sales and develop integrated energy. To seize the opportunities in energy internet and intelligent integrated energy development as well as vigorously promote technological innovation.

- Drawing support from SPIC. The Group will seize the opportunities arising from the acceleration of asset securitization of the parent company, and to promote the injection of quality assets by leveraging the advantage of the parent company's high proportion of clean energy assets.

- Stressing talent development and incentives thereof, promoting business model innovation, comprehensively raising the management level and further improving the market-oriented system and mechanism of the Group.

Review of Financial Statements by Audit Committee

The audit committee of the Company (the "Audit Committee"), which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditors of the Company, Messrs. Deloitte Touche Tohmatsu, the annual results and the consolidated financial statements for the year ended 31 December 2016.

Purchase, Sale or Redemption of Listed Securities of the Company

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

Corporate Governance

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximise the value of our shareholders as a whole.

The Company has strictly complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules in 2016.

Securities Transactions by Directors

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("Code of Conduct"), the terms of which are no less than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct throughout the entire period of year 2016.

Publication of Results Announcement on the Websites of the Hong Kong Stock Exchange and the Company

This results announcement is published on the website of the Hong Kong Stock Exchange at http://www.hkexnews.hk and on the Company's websites at http://www.chinapower.hk and http://www.irasia.com/listco/hk/chinapower/index.htm respectively.

The 2016 annual report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the annual report will also be made available for review on the above websites in due course.

* *English or Chinese translation, as the case may be, is for identification only*

By order of the Board
China Power International Development Limited
Yu Bing
Executive Director

Hong Kong, 23 March 2017

As at the date of this announcement, the directors of the Company are: executive directors Yu Bing and Wang Zichao, non-executive directors Wang Binghua and Guan Qihong, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.