



**Guangdong Electric Power Development Co., Ltd.**

**2016 Annual Report**

**April 2017**

## I. Important Notice, Table of Contents and Definitions

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

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

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

The name of director who did not attend the meeting in person	Positions	Reason	The name of director who was authorized
Hong Rongkun	Director	Due to business	Gao Shiqiang
Li Mingliang	Director	Due to business	Yang Xinli
Zhang Xueqiu	Director	Due to business	Liu Tao
Wang Xi	Independent Director	Due to business	Shen Hongtao

This annual report involves the forecasting description such as the future plans, and does not constitute the actual commitments of the company to the investors. The investors should pay attention to the investment risks.

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

The preplan profit distribution of the Company deliberated and approved by the Board is: Total share of of 5,250,283,986 for Base on the Company's total share capital, the Company would distribute cash dividend to all the shareholders at the rate of CNY 0.80 for every 10 shares (with tax inclusive), with 0 bonus shares

(including tax), and not converting capital reserve into share capital.

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## Definition

Terms to be defined	Refers to	Definition
Yudean Group	Refers to	Guangdong Yudean Group Co., Ltd.
Zhanjiang Company	Refers to	Zhanjiang Electric Power Co., Ltd.
Yuejia Company	Refers to	Guangdong Yuejia Electric Power Co., Ltd.
Yuejiang Company	Refers to	Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.
Zhenneng Company	Refers to	Maoming Zhenneng Thermal Power Co., Ltd.
Jinghai Company	Refers to	Guangdong Yudean Jinghai Power Co., Ltd.
Zhanjiang Wind Power Company	Refers to	Guangdong Yudean Zhanjiang Wind Power Co., Ltd.
Zhongyue Company	Refers to	Zhanjiang Zhongyue Energy Co., Ltd.
Bohe Company	Refers to	Guangdong Yudean Bohe Coal & Electricity Co., Ltd
Guangqian Company	Refers to	Shenzhen Guangqian Electric Power Co., Ltd.
Huizhou Natural Gas Company	Refers to	Guangdong Huizhou Natural Gas Power Co., Ltd.
Red Bay Company	Refers to	Guangdong Red Bay Power Co., Ltd.
Pinghai Power Plant	Refers to	Guangdong Hluizhou Pinghai Power Co., Ltd.
Humen Power Company	Refers to	Guangdong Yudean Humen Power Co., Ltd.
Anxin Electric Inspection & Installation Company	Refers to	Guangdong Yudean Anxin Electric Inspection & Installation Co., Ltd
Guohua Taishan	Refers to	Guangdong Guohua Yudean Taishan Power Generation Co., Ltd.
Yudean Industry Fuel Company	Refers to	Guangdong Power Industry Fuel Co., Ltd.

Huadu Natural Gas Company	Refers to	Guangdong Huadu Natural Gas Thermal Power Co., Ltd.
Dapu Company	Refers to	Guangdong Dapu Power Generation Co., Ltd.
Wind Power Company	Refers to	Guangdong Wind Power Co., Ltd.
Lincang Company	Refers to	Lincang Yudean Energy Co., Ltd.
Qujie Wind Power Company	Refers to	Guangdong Yudean Qujie Wind Power Generation Co., Ltd.
Electric Power Sales Company	Refers to	Guangdong Yudean Electric Power Sales Co., Ltd.
Weixin Yuntou	Refers to	Weixin Yuntou Yudean Zhaxi Energy Co., Ltd.
Binglang Jiang Company	Refers to	Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.
Yongan Natural Gas Company	Refers to	Guangdong Yudean Yongan Natural Gas Thermal Power Co., Ltd.

## II. Basic Information of the Company

### 1. Company information

Stock abbreviation	Yue Dian Li A, Yue Dian Li B	Stock code:	000539、200539
Stock exchange for listing:	Shenzhen Stock Exchange		
Name in Chinese	广东电力发展股份有限公司		
Abbreviation of Registered Company Name in Chinese(If any)	粤电力		
English name (If any)	GUANGDONG ELECTRIC POWER DEVELOPMENT CO.,LTD		
English abbreviation (If any)	GED		
Legal Representative	Huang Zhenhai		
Registered address	23-26/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou,Guangdong Province		
Postal code of the Registered Address	510630		
Office Address	23-26/F, South Tower, Yudean Plaza, No.2 Tianhe Road East, Guangzhou,Guangdong Province		
Postal code of the office address	510630		
Internet Web Site	<a href="http://www.ged.com.cn">http://www.ged.com.cn</a>		
E-mail	ged@ged.com.cn		

### II. Contact person and contact manner

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

### III. Information disclosure and placed

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

placed	
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#### IV.Changes in Registration

Organization Code	91440000617419493W
Changes in principal business activities since listing (if any)	No change
Changes is the controlling shareholder in the past (is any)	No change

#### V. Other Relevant Information

##### CPAs engaged

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

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

Applicable Not Applicable

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

Applicable Not Applicable

#### VI.Summary of Accounting data and Financial index

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors.

Yes  No

	2016	2015	Changed over last year ( % )	2014
Operating Gross income (RMB)	22,681,120,022	25,723,810,816	-11.83%	29,046,568,685
Net profit attributable to the shareholders of the listed company (RMB)	936,534,941	3,237,733,312	-71.07%	3,003,977,134
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	1,074,697,758	2,953,985,089	-63.62%	3,113,672,193
Cash flow generated by business operation, net (RMB)	8,704,775,818	10,442,437,145	-16.64%	8,392,794,644

Basic earning per share(RMB/Share)	0.18	0.62	-70.97%	0.57
Diluted gains per share(RMB/Share)(RMB/Share)	0.18	0.62	-70.97%	0.57
Net asset earning ratio (%)	3.99%	14.42%	-10.43%	14.94%
	End of 2016	End of 2015	Changed over last year (%)	End of 2014
Gross assets (RMB)	70,677,003,760	71,919,934,143	-1.73%	69,084,825,852
Net assets attributable to shareholders of the listed company (RMB)	23,378,847,225	23,754,596,981	-1.58%	21,310,054,597

## VII. The differences between domestic and international accounting standards

### 1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Applicable  Not applicable

In RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	936,534,941	3,237,733,312	23,378,847,225	23,754,596,981
Items and amount adjusted according to IAS				
a. The difference arising from recognition of goodwill after merger of enterprises under the same control			64,623,000	64,623,000
b. Difference arising from recognition of land use value after enterprise merger	-630,000	-630,000	18,860,000	19,490,000
c. Influence on minority interests	54,120	54,120	4,701,979	4,647,859
According to IAS	935,959,061	3,237,157,432	23,467,032,204	23,843,357,840

### 2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable  Not applicable



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

### 3.Note to the Difference in the Accounting Data based on the Accounting Standards of CAS and IAS.

Applicable  Not applicable

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

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

- (b) Influence on minority interests

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

## VIII.Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	4,405,938,708	5,829,050,858	6,207,318,559	6,238,811,897
Net profit attributable to the shareholders of the listed company	110,019,230	628,355,554	738,187,983	-540,027,826
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	110,018,307	633,483,659	744,574,860	-413,379,068
Net Cash flow generated by business operation	2,036,376,774	2,660,123,408	3,353,518,303	654,757,333

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

Yes  No

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

Applicable  Not applicable

In RMB

Items	Amount (2016)	Amount (2015)	Amount (2014)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-3,723,321	238,178,694	-57,685,202	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	19,074,097	16,112,458	20,895,756	
Gains and losses from exchange of non-monetary assets		21,977,012		
Asset impairment provisions due to acts of God such as natural disasters			-101,877,473	
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.	-59,541,635			Yuejia company owned Meixian power plant shut down in August 2016, some employees and Dapu company signed a labor contract, the company must pay the remaining retreat or termination of labor contract employees corresponding dismissal benefits, and according to the same period bonds interest rate as a discount rate Calculate the present value of future cash outflows and confirm the dismissal benefits.
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets other than valid period value instruments related to the Company's common businesses.			808,317	
Switch back of provision for depreciation of account receivable which was singly		20,790	1,623,216	

taken depreciation test.				
Gain/loss on loans obtained by entrusting others			563,812	
Effect on current gains/losses when a one-off adjustment is made to current gains/losses according to requirements of taxation, accounting and other relevant laws and regulations	-125,842,425			In accordance with requirements of <i>Program for Promoting the Tax Check and Random Check Implementation</i> SZF[2015] No. 104 from Tax State Administration of Taxation, the company headquarters and affiliated units were selected by the tax bureau for the tax check and had paid the tax dues, penalty and overdue fine by the end of the current year subject to relevant penalty results.
Other non-business income and expenditures other than the above	-104,916,156	29,997,321	-40,486,215	Pinghai company received Written Decision of Administrative Penalty (YHZCF [2016] No. 019) issued by Guangdong Ocean & Fishery Administration on November 14, 2016, in which, Pinghai company was subject to the penalty decision of 172 million yuan due to the action that Pinghai has conducted Pinghai plant site levelling and bank protection project, the penalty amount will influence the net profit belonging to the parent company by 77.40 million yuan or so. Pinghai has already applied the administrative reconsideration for the project above, which is still under negotiation and coordination among many parties. In accordance with Agreement for Assets Purchase through Issuing Shares concluded between Yuedian group and the company in 2012, Yuedian group will compensate the company for the actual losses caused by the event above subject to the result of the administrative reconsideration of lawsuit for the penalty event above.
Less: Amount of influence of income tax	18,950,258	17,651,335	-16,945,739	
Influenced amount of minor shareholders' equity (after tax)	-155,736,881	4,886,717	-49,516,991	
Total	-138,162,817	283,748,223	-109,695,059	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on

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

Applicable  Not applicable

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

### III. Outline of Company Business

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

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

No

We are mainly occupied in investment, construction and management of electric power projects. We have been upholding “electricity-oriented, pluralistic development”, with power as the mainstay and diversified structure of power source. With the exception of development, construction and operation of large-scale coal-burning power-generating plants, we also set our feet on clean energy projects like LNG power generation, wind power generation and hydroelectric generation, which are reliably transmitted to innumerable users through power-grid companies. As of December 31,2016, the controllable installed capacity is 20 million KW, where the controllable installed capacity of coal-burning power generation, LNG generation and renewable energy generation like wind power and hydropower is 17.35 million KW, 2.34 million KW and 310000 KW respectively.

Income source is primarily contributed by power production and sales, and main business income is derived from Guangdong Province. The company electricity sales price is subject to the benchmark price verified by the price authority per relevant policies based on National Development and Reform Commission (NDRC) and the electricity transaction price through the market trade implementation per Guangdong Electricity Market Trade Basic Rules and supporting files.

In the reporting period, the electricity sold is 56.513 billion KWH, 3.828 billion KWH YoY drop; average price stated in the consolidated statements is 466.67 Yuan/ KWH (tax inclusive, the same below), YoY drop of 25.54 Yuan/ KWH. The company business revenue realized was 22.681 billion yuan in the statement of consolidated statement with year-on-year decrease of 11.83%.

Coal-burning power generation is our focus. As fuel costs hold a great proportion in operating costs, fluctuations in coal price mean a lot to the business performance. In the reporting period, the power fuel cost is 11045.3255 million Yuan, accounting for 62.07% of main business, 273.6882 million Yuan YoY drop, 2.42% decline.

The power supply standard coal unit price (kerosene oil-gas) is 625.95 yuan/t increased by 3.43% in amount of 20.77 yuan/t on year-on-year basis.

Within the report period, under the influence of the excess power sector capacity and intensifying market competition, the company’s generated energy decreased obviously; simultaneously, the state reduced the on-grid electricity price again after January 1, 2016 and the coal price recovered obviously resulting in the sharp decrease of the company electricity generation business profits and the investment revenue of associated companies. At the same time, the affiliated partial power plants coal-fired units conducted the ultra-low emission and energy-saving and emission reduction transformation with impairment provision for partial dismantled or scrapped equipment parts in advance. Besides, the non-operation items including the administrative penalty for Pinghai power plant excessive reclamation, supplementary payment of taxes, fines and overdue fees, etc. through the tax audit, etc.

also produce influence on the company profits. Based on factors above, the company net profit belonging to the parent company shareholders decreased sharply by 71.07% on year-on-year basis and the profit belonging to the parent company shareholders was 936.5349 million yuan realized in 2016.

## II. Major Changes in Main Assets

### 1. Major Changes in Main Assets

Main assets	Major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in process	No major changes

### 2. Main Conditions of Overseas Assets

Applicable  Not applicable

#### I. Analysis On core Competitiveness

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

No

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

The power-generating assets are mainly distributed in Guangdong. Major assets reorganization realized since 2012 has given great impetus to power-generating installed capacity. The controllable installed capacity has been expanded to 20 million KW of year-end 2016 from 8.08 million KW of year-end 2011, power generation to 59.923 billion KWH in 2016 from 35.305 billion KWH in 2011.

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

We are the shareholder of Yudean Group, one of the biggest power-generating groups in south China, which takes advantage of its source, assets scale, to give sustaining support to our company's advancement and expansion. It has oriented us as a sole listed platform for domestic power-generating assets integration. We are endowed with a priority offered by it in power source development, asset acquisition. It has undertaken that in five years of the last major asset reorganization, it will inject its asset complying with listed conditions through acquisition, restructuring and other ways. Based on this, our installed capacity is going to embrace another leap-frog growth.

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

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

#### 4. Stepwise optimization of industrial structure and power source structure

The company takes the power generation as the core business accompanied with optimized development of the coal-fired power, stable development of gas electricity and energetic development of the wind power and water power, etc., optimizes the power source structure constantly and improves the market competition. which are gradually optimized accompanied by acquisition of and progress in clean energy projects.

#### 5. Experienced management, sophisticated production technology

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

#### 6. Hold fast to the opportunity of “electric price reform”, exploit new realms of business

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

## IV. Management’s Discussion and Analysis

### I .General

In 2016, The total energy consumption in Guangdong was 560.412 billion KWH increased by 5.53% on year-on-year basis with recovered growth rate on year-on-year basis. But XD group electric quantity increased by 2.81% on year-on-year basis and accounted for about 32.72% of the overall-allocation electricity purchase quantity within the province upon additional distribution of 17.4 billion Kwh beyond the plan, the nuclear power increased by 15.79% on year-on-year basis and the provincial coal-fired units power generation space would be squeezed further. Within the report period, the company completed accumulatively the power generation 59.923 billion KWH in the statement of consolidated standards with on year-on-year decrease of 6.50%; completed 90.02% of the whole-year on-grid energy planned upon completion of the on-grid energy 56.513 billion kW·h with year-on-year decrease 6.34%. The company on-grid energy completed for one whole year accounted for 15.87% of the provincial electricity purchase market decreasing by 2.17% on year-on-year basis, the average utilization hours for the company holding coal-fired units are 3348 hours decreased by 720 hours on year-on-year basis.

Under influence of adverse factors including the serious surplus of the power supply, increasing competition in the side of the power sales, continuous decrease of the electricity price and obvious recovery of the coal price, etc., the company power generation business profits decreased sharply accompanied with sharp decrease investment revenue in the associated companies. At the same time, the affiliated partial power plants coal-fired units conducted the ultra-low emission and energy-saving and emission reduction transformation with impairment provision for partial dismantled or scrapped equipment parts in advance. Besides, the non-operation items

including the administrative penalty for Pinghai power plant excessive reclamation, supplementary payment of taxes, fines and overdue fees, etc. through the tax audit, etc. also result in the share decrease of the company profits on year-on-year basis. By the end of 2016, the company total assets in the statement of consolidated standards were 70.677 billion yuan with year-on-year decrease of 1.73%; the interests belonging to the parent company shareholders were 23.379 billion yuan with year-on-year basis of 1.58%. The company business revenue realized was 22.681 billion yuan in the statement of consolidated statement with year-on-year decrease of 11.83%; the net profit belonging to the parent company shareholders was 937 million yuan with year-on-year decrease of 71.07%; the earning per share was 0.18 yuan (0.62 yuan for the same period in the previous year). The company loan in the statement of consolidated standards was 41.34 billion yuan in total with the asset-liability ratio of 58.49%.

As the power industry was depressed overall and the power market competition became increasingly competitive, the company strived to change positively. On one hand, took part in positively electricity quantity competition with the “market electricity”, the affiliated power plants completed the market transaction electric quantity 12.521 billion KWH for the whole year accounting for 28.67% of the “market electricity” matched with the installed proportion; on the other hand, based on the power sources and technical advantages, the affiliated power companies won 11.2 billion KWH in the side of users for the whole year accounting for 25.45% of the provincial “market electricity”, the electricity sales scale, bid acceptance probability, bid-acceptance electricity quantity and price standard all ranked first among the province with realization of about 104 million yuan profits and supplementation of the “market electricity” surrender part of the profits. Simultaneously, the whole-year electricity quantity and profitability level of the gas power generation company and wind power company of the company and small hydro-electric power plants sharing by the company increased on year-on-year basis against the trend, the clean energy business accounted for 13.29% and 45.63% respectively of the net profits for the on-grid electricity quantity and of the profits belonging to the parent company in the statement of consolidated standards, which increased respectively by 1.57% and 35.47% on year-on-year basis.

Within the report period, the company focused on promoting the project construction including Dapu “developing large units and suppressing small ones” project #2 unit, Bohe project, Huizhou gas combined heat and power generation expansion project, Lincang hydropower Dayakou project, Zhanjiang Hongxinlou, Qujie and Shibaling wind power, etc., and promoted the implementation of the affiliated coal-fired power plants ultra-low emission and energy-saving transformation. And, Dapu “developing large units and suppressing small ones” project #2 unit was put into operation in June and Dianbai hot water and wind power project passed the trial run for 250 hours in April and was put into the commercial operation, both of which may increase the control installed capacity 649,500 KW. The company continued intensifying the development of the clean energy, increased one 2×400,000 kW gas combined heat and power generation project passing approval and 6 wind power projects of 298,000 kW in total were approved; and another 2 wind power projects of 80,000 kW in total were included into the local wind power development and construction program in 2016 and would be approved in January 2017.

Within the report period, the company completed preparation of *the 13<sup>th</sup> Five-year Development Plan Report*, determined the strategic position of “the large-scale group power generation listing company with the power generation business as the main development field, the industrialization operation as the main development idea, the domestic first-class power generation listing company with the international competition as the main development direction and serving for national strategies, group strategies and urban development” and built the new image for Yudean brands strongly.



## II. Main business analysis

### 1. General

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

### 2. Revenue and cost

#### (1) Component of Business Income

In RMB

	2016		2015		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	22,681,120,022	100%	25,723,810,816	100%	-11.83%
Industry					
Electric power , Steam sales and labor income	22,522,639,179	99.30%	25,527,421,644	99.24%	-11.77%
Other	158,480,843	0.70%	196,389,172	0.76%	-19.30%
Products					
Sales Electric Power	22,342,322,648	98.51%	25,385,066,625	98.68%	-11.99%
Labor income	110,563,280	0.49%	72,016,608	0.28%	53.52%
Steam income	69,753,251	0.31%	70,338,411	0.27%	-0.83%
Comprehensive utilization of fly ash	65,549,708	0.29%	109,461,097	0.43%	-40.12%
Sales material income	58,627,109	0.26%	61,632,082	0.24%	-4.88%
Lease revenue	9,538,280	0.04%	11,071,005	0.04%	-13.84%
Certified emission reduction sales revenue	164,291	0 %	2,805,445	0.01%	-94.14%
Other	24,601,455	0.11%	11,419,543	0.04%	115.43%
Area					
Guangdong	22,654,178,908	99.88%	25,707,559,952	99.94%	-11.88%
Yunnan	26,941,114	0.12%	16,250,864	0.06%	65.78%

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

√ Applicable □ Not applicable

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

No

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
<b>Industry</b>						
Electric power , Steam sales and labor income	22,522,639,179	17,750,728,050	21.19%	-11.77%	-1.41%	-8.28%
<b>Products</b>						
Electric power , Steam sales and labor income	22,522,639,179	17,750,728,050	21.19%	-11.77%	-1.41%	-8.28%
<b>Area</b>						
Guangdong	22,654,178,908	17,777,851,729	21.53%	-0.06%	-1.47%	-8.28%

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

Applicable  Not applicable

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

Yes  No

Classification	Items	Unit	2016	2015	Changes
Electric Power	Sales volume	Billion kwh	56.513	60.341	-6.34%
	Production	Billion kwh	59.923	64.091	-6.50%

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

Applicable  Not applicable

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

Applicable  Not applicable

In the reporting period, China Southern Power Grid was our No.1 client, Its sales of 22.342 billion yuan taking up approximately 98.51% of annual sales. Company and company's holding subsidiaries had signed a *Power Purchase Agreement* with China Southern Power Grid and its holding subsidiaries in accordance to related provisions. By the end of the reporting period, the agreement had been executed rightfully.

**(5) Component of business cost**

Industry and product classification

In RMB

Industry	Items	2016		2015		Increase/Decrease
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Electric Power	Fuel cost	11,045,325,529	62.07%	11,319,013,763	62.70%	-2.42%
Electric Power	Depreciation expense	3,897,930,880	21.91%	3,620,711,810	20.06%	7.66%
Electric Power	Labor cost	1,454,916,789	8.18%	1,402,718,794	7.77%	3.72%
Electric Power	Other	1,395,453,184	7.84%	1,711,310,393	9.47%	-18.46%

Notes

The Company is in power sector and mainly engaged in power generation at present. The cost is composed of fuel cost, depreciation expenses, labour cost and other expenses. Fuel cost accounts for about 62.07% of total cost.

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

√Yes □No

New Subsidiary Establishment of the Year

Name	Business place	Registered address	Nature	Registered capital	Proportion (%)	Acquired
Guangdong Yudean Yongan Natural gas Thermoelectric Co., Ltd.	Zhaoqing	Zhaoqing	Electric Power	100,000,000	90%	Invested
Guangdong Yudean Pingyuan Wind power Co., Ltd.	Meizhou	Meizhou	Electric Power	30,000,000	100%	Invested
Guangdong Yudean Heping Wind Power Co., Ltd.	Heyuan	Heyuan	Electric Power	30,000,000	100%	Invested

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

□ Applicable √Not applicable

**(8) Situation of Main Customers and Main Supplier**

Information of the Company's top 5 customers

Total sales amount to top 5 customers (RMB)	22,559,545,563
Proportion of sales to top 5 customers in the annual sales(%)	99.47%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.73%

## Information of the Company's top 5 customers

No	Name	Amount (RMB)	Proportion
1	GPGC	22,342,322,648	98.51%
2	Guangdong Yudean Environmental Protection Co., Ltd.	104,804,428	0.46%
3	Huizhou Huiling Huacheng Co., Ltd.	51,289,034	0.23%
4	Guangdong Yudean Group, Shajiao C Power Plant	49,180,735	0.22%
5	Guangdong Yudean Yunhe Power Co., Ltd.	11,948,718	0.05%
Total	--	22,559,545,563	99.47%

Other explanation :

√Applicable □Not applicable

The Company with Guangdong Yudean Environmental Protection Co., Ltd., Guangdong Yudean Group Co., Ltd Shajiao C Power Plant and Guangdong Yudean Yunhe Power Co., Ltd. are controlled by Yudean Group, where relationship exists.

## Principal suppliers

Total purchase of top 5 Suppliers (RMB)	9,862,571,084
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	61.18%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	45.01%

## Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Guandong Electric power Industry Fuel Co., Ltd.	7,256,425,415	45.01%
2	Guangdong Dapeng ING Co., Ltd	1,656,461,155	10.28%
3	Guangdong Zhutou Electric Power Industry Fuel Co., Ltd.	477,428,457	2.96%
4	Energy China GPEC	262,991,754	1.63%
5	Guangdong Mingyang Wind Power	209,264,303	1.30%

	Industry Group Co., Ltd.		
Total	--	9,862,571,084	61.18%

Other explanation :

Applicable  Not applicable

Guangdong Electricity Power Industrial Fuel Co., Ltd is the joint venture of the Company and Yudean Group Co., Ltd., where relationship exists.

### 3. Expenses

In RMB

	2016	2015	Increase/Decrease(%)	Notes
Sale expenses	2,807,165	1,839,453	52.61%	Due to the new power sales company sales costs incurred.
Administration expenses	775,880,023	921,738,681	-15.82%	
Financial expenses	1,369,698,178	1,581,536,918	-13.39%	

### 4. R& D Expenses

Applicable  Not applicable

### 5. Cash Flow

In RMB

Items	2016	2015	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	25,227,420,875	30,671,666,575	-17.75%
Subtotal of cash outflow received from operation activities	16,522,645,057	20,229,229,430	-18.32%
Net cash flow arising from operating activities	8,704,775,818	10,442,437,145	-16.64%
Subtotal of cash inflow received from investing activities	534,734,411	1,117,139,770	-52.13%
Subtotal of cash outflow for investment activities	3,315,903,498	5,456,331,056	-39.23%
Net cash flow arising from investment activities	-2,781,169,087	-4,339,191,286	-35.91%

Subtotal cash inflow received from financing activities	12,506,909,008	23,365,281,996	-46.47%
Subtotal cash outflow for financing activities	18,473,048,814	28,769,398,444	-35.79%
Net cash flow arising from financing activities	-5,966,139,806	-5,404,116,448	10.40%
Net increase in cash and cash equivalents	-42,533,075	699,129,411	-106.08%

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

Applicable  Not applicable

1.The cash inflow for investment activities decreased by 52.13% on year-on-year basis for the main reason of receiving the amount disposing the oil shale company and Binlangjiang company within the previous report period;

2.The cash inflow for investment activities decreased by 39.23% on year-on-year basis for the main reason of payment decrease in cash for long-term assets purchase within the report period;

3. The net cash inflow caused by investment activities decreased by 35.91% for the main reason of receiving the amount disposing the oil shale company and Binlangjiang company within the previous report period and payment decrease in cash for long-term assets purchase within the report period;

4.The cash inflow for financing activities decreased by 46.47% for the main reason of the cash decrease obtained from newly-added loans within the report period;

5. The cash inflow for financing activities decreased by 35.79% for the main reason of the cash decrease for the loans repayment within the report period;

6. The net increase of the cash and cash equivalents decreased by 106% for the main reason of the decrease of the net cash flow caused by operation and investment activities within the report period.

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

Applicable  Not applicable

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

### III.Analysis of Non-core Business

Applicable Not applicable

### IV.Condition of Asset and Liabilities

#### 1.Condition of Asset Causing Significant Change

In RMB

	End of 2016		End of 2015		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total	Amount	Proportion in the total assets(%)		

		assets(%)				
Monetary fund	5,184,873,650	7.34%	5,237,406,725	7.28%	0.06%	
Accounts receivable	2,776,061,909	3.93%	2,484,683,890	3.45%	0.48%	
Inventories	1,513,153,241	2.14%	1,333,654,623	1.85%	0.29%	
Investment real estate	8,932,237	0.01%	9,567,835	0.01%	0.00%	
Long-term equity investment	5,432,637,750	7.69%	5,924,410,159	8.24%	-0.55%	
Fixed assets	41,814,685,521	59.16%	44,330,167,621	61.64%	-2.48%	
Construction in process	6,343,293,763	8.98%	5,613,398,840	7.81%	1.17%	
Short-term loans	5,758,860,000	8.15%	6,288,060,000	8.74%	-0.59%	
Long-term loans	19,888,172,037	28.14%	21,303,229,910	29.62%	-1.48%	

## 2.Asset and Liabilities Measured by Fair Value

√ Applicable    □ Not applicable

In RMB

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Amount at year end
Financial assets							
3. Available-for-sale financial assets	553,350,488	-133,614,180	164,407,692				419,736,308
Subtotal of financial assets	553,350,488	-133,614,180	164,407,692				419,736,308
Total	553,350,488	-133,614,180	164,407,692				419,736,308
Financial Liability	0						0

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

□ Yes    √ No

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

Not applicable

## V. Investment situation

## 1. General

√ Applicable  Not applicable

Investment Amount in 2016(RMB)	Investment Amount in 2015(RMB)	Change rate
857,880,000	1,761,257,008	-51.29%



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

√ Applicable □ Not applicable

In RMB

Name of the Company Invested	Main Business	Investment Way	Investment Amount	Share Proportion %	Capital Source	Partner	Investment Horizon	Product Type	Progress up to Balance Sheet Date	Gain or Less or the Current Investment	Whether to Involve in Lawsuit	Date of Disclosure (Note 5)	Disclosure Index
Guangdong Yudean Bohe Coal-fired Power Co., Ltd	Thermal power, logistics	Capital increase	300,000,000	100 %	Ownfunds	No	Long-term	Electric power	The total construction progress for the wharf project maritime work is completed about 72% and the power plant project is not approved	-14,768,678	No	October 31, 2012	Name of Announcement :Announcement on External Investment (2012-45), Published in China Securities Daily, Securities Times and <a href="http://www.cninfo.com.cn">http//.www.cninfo.com.cn</a>
Guangdong Yudean Huadu Natural Gas Thermoelectric Co., Ltd.	Natural gas generation	Capital increase	19,500,000	65 %	Ownfunds	Guangzhou Guoye Kunsheng Investment Management Co., Ltd (Shareholding ratio: 35%)	Long-term	Electric power and steam	The gas combined heat and power generation project was approved by the Provincial Development and Reform Commission in August 2016	-7,251,884	No	July 21, 2015	Name of Announcement :Announcement on External Investment (2015-39), Published in China Securities Daily, Securities Times and <a href="http://www.cninfo.com.cn">http//.www.cninfo.com.cn</a>
Guangdong Yudean Yongan Natural Gas Thermoelectric Co., Ltd.	Natural gas generation	New established	90,000,000	90 %	Ownfunds	Zhaoqing Hejiang Electric Power Development Co., Ltd. (Shareholding ratio: 10%)	Long-term	Electric power and steam	The project company was established in June 2016 with 90% holding and the land auction was completed, which will be reported and approved in 2017.	-692,531	No	March 26, 2016	Name of Announcement :Announcement on External Investment (2016-08), Published in China Securities Daily, Securities Times and <a href="http://www.cninfo.com.cn">http//.www.cninfo.com.cn</a>
Guangdong Huizhou Natural Gas Thermoelectric Co., Ltd.	Natural gas generation	Capital increase	131,570,000	67 %	Ownfunds	CNOOC Refco Group Ltd (Shareholding ratio: 33%)	Long-term	Electric power and steam	The gas combined heat and power generation expansion project commenced already and	--	No	April 26, 2013	Name of Announcement :Announcement on External Investment

									the usage amount in total was 800.4 million yuan accounting for 22.8% of the total investment planned for the project.				(2013-36), Published in China Securities Daily, Securities Times and <a href="http://www.cninfo.com.cn">http://.www.cninfo.com.cn</a>
Guangdong Wind Power Generation Co., Ltd.	Windpower generation	Capital increase	136,870,000	100 %	Ownfunds	No	Long-term	Electricpower	Invest in Heyuan Ziyuanzhang project through capital increase in Guangdong Wind Power company (49,500 kW)	--	No	June 8,2016	Name of Announcement of the Investment and Construction of Guangdong Yudean Heping Ziyunzhang Wind Power Project . (2016-29), Published in China Securities Daily, Securities Times and <a href="http://.www.cninfo.com.cn">http://.www.cninfo.com.cn</a>
Guangdong Wind Power Generation Co., Ltd.	Windpower generation	Capital increase	148,190,000	100 %	Ownfunds	No	Long-term	Electricpower	Invest in Pingyuan Maoping project through capital increase in Guangdong Wind Power company (49,500 kW)	--	No	August 10,2016	Name of Announcement on the Investment to the Construction of Guangdong Yudean Pingyuan Maoping Wind Farm Project (2016-34), Published in China Securities Daily, Securities Times and <a href="http://.www.cninfo.com.cn">http://.www.cninfo.com.cn</a>
Guangdong Yudean Qujie Wind Power Generation Co., Ltd.	Windpower generation	Capital increase	31,750,000	100 %	Ownfunds	No	Long-term	Electricpower	Qujie and Shibaling wind power projects are under smooth construction, which will be put into operation in July and September of 2017 respectively through prediction.	--	No	October 30,2014	Name of announcement of the Establishment of Guangdong Yudean Qujie Wind power Generation Co., Ltd. (2014-36), Published in China Securities Daily, Securities Times and <a href="http://.www.cninfo.com.cn">http://.www.cninfo.com.cn</a>
Total	--	--	857,880,000	--	--	--	--	--	--	-22,713,093	--	--	--

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

□ Applicable √ Not applicable

## 4. Investment of Financial Asset

## (1) Securities investment

√ Applicable □ Not applicable

In RMB

Security category	Security code	Stock Abbreviation:	Initial investment cost	Mode of accounting measurement	Book value at the beginning of the reporting period	Changes in fair value of the this period	Cumulative fair value changes in equity	Purchase amount in the this period	Sale amount in the this period	Gain/losses of the reporting period	Book value balance at the end of the reporting period	Accounting items	Source of the shares
Domestic and foreign stocks	600642	Shenergy	235,837,988	Fair value measurement	419,268,488	-93,294,180	90,136,320			0	325,974,308	Financial assets available for sales	Own-Funds
Domestic and foreign stocks	000027	Shenzhen Energy	15,890,628	Fair value measurement	123,732,000	-37,170,000	70,671,372			0	86,562,000	Financial assets available for sales	Own-Funds
Domestic and foreign stocks	831039	NEEQ	3,600,000	Fair value measurement	10,350,000	-3,150,000	3,600,000			0	7,200,000	Financial assets available for sales	Own-Funds
Total			255,328,616	--	553,350,488	-133,614,180.00	164,407,692	0	0	0	419,736,308	--	--
Disclosure date for the notice of approval by the Board (If any)													
Disclosure date for the notice of approval by shareholders' Meeting (If any)													

**(2) Investment in Derivatives**

Applicable  Not applicable

Nil

**5.Application of the raised capital**

Applicable  Not applicable

Nil

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

Applicable  Not applicable

Nil

**2.Situation of Substantial Stake Sale**

Applicable  Not applicable

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

Applicable  Not applicable

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

In RMB

Company Name	Company type	Sectors engaged in	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Guangdong Yudean Jinghai Power Generation Co., Ltd.	Subsidiary	Power generation and power station construction.	2,919,272,000	9,910,493,715	3,743,272,973	4,045,943,116	577,720,074	417,511,874
Shenzhen Guangqian Electric Power Co., Ltd.	Subsidiary	Power generation and power station construction.	1,030,292,500	2,208,887,157	1,502,158,756	1,604,671,158	327,240,158	244,841,209
Guangdong Guohua Taishan Power Generation Co., Ltd.	Sharing Company	Power generation and power station construction.	2,700,000,000	15,000,937,922	9,853,493,719	6,309,810,906	1,349,300,140	1,030,668,936

Guangdong Huizhou Natural gas Power Generation Co., Ltd.	Subsidiary	Power generation and power station construction.	1,159,370,000	2,571,419,546	1,585,681,817	1,651,548,233	277,017,314	205,238,001
Guangdong Red Bay Power Generation Co., Ltd.	Subsidiary	Power generation and power station construction.	2,749,750,000	7,520,648,853	3,274,858,683	3,160,742,921	293,544,653	207,359,152
Guangdong Yudean Electric Power Sales Co., Ltd.	Subsidiary	Electric Power sales	230,000,000	354,854,853	333,484,378	150,973,470	138,499,589	103,779,834

## Acquirement and disposal of subsidiaries in the Reporting period

√Applicable □ Not applicable

Company name	Way of acquiring and disposing of subsidiary corporations within the reporting period	Impact on the whole producing operation and performance
Guangdong Yudean Yongan Natural Gas Thermoelectric Co., Ltd.	It was invested and established by the company.	Zhaoqing Dinghu Natural Gas Thermoelectric project was in the early working stage, and the construction had not yet started within the reporting period.
Guangdong Yudean Pingyuan Wind Power Generation Co., Ltd. (Indirect subsidiary)	By the Company's wholly-owned subsidiary of Guangdong Wind power Generation Co., Ltd to set up investment.	Pingyuan Maoping Wind Power Project was in the early working stage, and the construction had not yet started within the reporting period.
Guangdong Yudean Heping Wind Power Generation Co., Ltd. (Indirect subsidiary)	By the Company's wholly-owned subsidiary of Guangdong Wind power Generation Co., Ltd to set up investment.	Heping Ziyunzhang Wind Power Project was in the early working stage, and the construction had not yet started within the reporting period.

## Overview of main share holding and share participating companies

(1) During the report period, the profits for the coal-fired power plant of the company decrease sharply on year-on-year basis due to the electric quantity decrease, electricity price decrease and coal price increase; the business losses occur in Zhongyue, Yuejiang, Yuejia and Dapu companies.

(2) The company holding subsidiary Jinghai, Guangqian company, Huizhou natural gas and Red Bay company generation profits account for more than 10% of the company net profits, among which, the net profits for the coal-fired units of Jinghai and Red Bay company decrease sharply on year-on-year basis due to the electric quantity decrease, electricity price decrease and coal price increase; and the profits for coal-fired units for Guangqian and Huizhou natural gas companies increase by 53.34 million and 6.25 million yuan respectively on year-on-year basis.

(3) The company set up the wholly-owned electricity sales company in July 2015 and the electricity sales

company realized the net profit of 103.78 million yuan during the report period.

### VIII. Special purpose vehicle controlled by the Company

Applicable  Not applicable

### IX. Prospect for future development of the Company

#### 1. The Development Trend of the Industry

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

#### (II) Development strategy

Pursuing the concept of “creating green energy intentionally”, we will positively arrange and distribute clean energies including wind power, hydropower, and gas power in the future and optimize power generation structure; actively promote the thermal power project to develop large units and suppress small ones, conduct upgrading and transforming, and promote power quality; strive to explore the power-sold side business, conform to the reformation of electric power system and open up new business areas and development space;

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

#### (III) Production and operation plan

The company’s on-grid power budget target in 2017 is 58.261 billion KWH, and the expected investment is 561 million Yuan with main capital sources of company owned capital and bank loan.

#### (IV) The background and the countermeasures

Firstly, the unit utilization hours may decrease continuously. In 2017, it’s predicted that the social electricity consumption in total within the province only increase by 4% on year-on-year basis with the growth falling to 1.53%; simultaneously, the installed capacity will be added with about 8.9 million KW within the province, the provincial overall-arrangement installed capacity increases by 5.9% on year-on-year basis, and Yangjiang Nuclear Power No. #4 Unit (1.086 KW) and Taishan Nuclear Power No. 1 (1.75 kW) will be put into production within the current year. Such factors above may result in the continuous decline of the unit especially the coal-fired unit utilization hours.

Secondly, the market competition becomes intense day by day. In 2017, the provincial “market electricity” scale will account for almost 20% of the overall electricity consumption of the society with increase by above 2 times

on year-on-year basis upon realization of 100 billion KW, the newly-added combined heat and power generation and Southeast surplus water and electricity also participate in bidding, the electricity sale price may decrease sharply under the situation of oversupply. Simultaneously, the coal price trend is not positive and the operation management is confronted with very large pressure.

Thirdly, the development limit needs breakthroughs urgently. Recently, the state cancelled and suspended the check and building of a batch of coal power projects, the State Council Report on the Work of Government in 2017 will eliminate, suspend and stop the coal power capacity more than 50 million KW definitely within the year, Provisional Regulations on Sewage Discharge Permit Management becomes effective at the same time, the company's anti-risk capacity is weak due to the coal power business structure. Although the company clean energy business had a breakthrough in 2016, its proportion was still low and the main business development potential is insufficient severely. At the same time, the company still needs substantive breakthroughs on vitalizing the inventory assets and participating into the electric industry whole-industry chain especially at aspects of the terminal competition and using the capital market for exploitation, etc.

In 2017, the company will still seek for development through changes in the reformation and market competition, strive to find out the new profit increase points, open channels for investment and financing through many methods, continue developing the clean energy sector, optimize the power structure and promote the main business project with benefits. In the aspect of operation management, the company will continue strengthening the marketing degree, participate in bidding scientifically and battle for the market electricity quantity share positively; for the aspect of searching for new profit increase points, the company will research the investment increment grid distribution business and energy storage equipment and expand further the power industry whole-industry chains; speed up implementation of the power factory land resources development, explore the utilization of other resources including the sea areas and wharfs, etc. and vitalize the inventory assets; strengthen the capital operation, search for high and new technology project and high-end manufacture project based on main direction of new energy, materials and technologies and explore for investment opportunities of high-quality projects.

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

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

√ Applicable    □ Not applicable

Reception time	Way of reception	Types of visitors	Basic index
March 4,2016	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) on 9 March 2016.
June 13,2016	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) on 14 June 2016.
June 28,2016	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity

			disclosed on Juchao website(www.cninfo.com.cn) on 29 June 2016.
July 15,2016	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website(www.cninfo.com.cn) on 20 July 2016.
September 29,2016	Onsite investigation	Organization	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website(www.cninfo.com.cn) on 29 September 2016.
Reception times			5
Reception agency amount			35
Reception personal number			0
Others			0
Whether to disclose, reveal or disclose non-public material information	No		



## V. Important Events

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

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

√Applicable  Not applicable

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

#### Article 155

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

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

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

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

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

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

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

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

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

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

The company's dividend distribution plan of the year 2014 was: Based on that the total share capital of the company is 4,375,236,655 shares, for A-share, the company will distribute cash dividends of RMB 2 (tax inclusive) and two bonus shares per 10 shares; for B-share, the company will distribute cash dividends of RMB 2 (tax inclusive) and two bonus shares per 10 shares.

Cash dividend in latest three years

In RMB

Year	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Amount of cash dividends from cash offer to repurchase shares of the funds	Proportion of cash dividends from cash offer to repurchase shares of the funds
2016	420,022,718.88	936,534,941	44.85%		
2015	1,207,565,316.78	3,237,733,312	37.30%		
2014	875,047,331	3,003,977,134	29.13%		

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

Applicable  Not applicable

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

Applicable  Not applicable

Distributing bonus shares for every 10 shares (share)	0
Distributing cash dividend for every 10 shares (tax included) (RMB)	0.80
Equity base for distribution preplan (share)	5,250,283,986
Total amount distribution in cash (RMB) (tax included)	420,022,718.88
Profit available for distribution (RMB)	3,235,248,290

Cash distributing accounted for the proportion of the total amount of profit distribution (%)	100%
Particular about cash dividend in the period	
If the company's development is at the growth stage with arrangements of significant capital expenditures, the minimum proportion of cash dividend in the profit distribution should reach 20%.	
Details of proposal of profit distribution preplan or share conversion from capital public reserve	
In 2016, the base number for the company's net profits distribution is RMB935,959,061, plus the non-distributed profits of RMB 2,299,289,229 in the prior year, thus the upper limit of the distributable profits is RMB 3,235,248,290. According to the Articles of Association of the company, draw RMB212,960,545 for the statutory surplus reserve taking for 10% of net profits, draw RMB532,401,361 for the other surplus reserve taking 25% of the total net profits, then the upper limit of the distributable profits to the shareholders is RMB2,489,886,384. The company's 2016 annual profits distribution plan is: Based on that the number of the company's total share capital at the end of 2016 is 5,250,283,986 shares, planned that the company will distribute cash dividends of RMB0.80 (tax inclusive) to A-share shareholders and the company will distribute cash dividends of RMB 0.80 (tax inclusive) to B-share shareholders, thus the total distribution of profits is RMB 420,022,718.88, the remaining undistributed profits will be carried forward for the future years of profit distribution.	

### III. Commitments to fulfill the situation

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

√ Applicable    □ Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform						
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement	Guangdong Yudean Group Co., Ltd.		Yue Dian Li is the only quoted platform of Yudean Group's electricity asset integration within the boundary. ② Except Yue Dian Li and the electricity assets controlled by it, within 5 years after the last recombination is done, Yudean Group will pump the assets which meet the conditions of launching after reformation into Yue Dian Li gradually through purchasing and recombination and other ways, according to the	November 3, 2011	Within 5 years after the completion of major asset reorganization	Under fulfillment

			situation of solutions to different problems, e.g. the imperfect examination and approval procedures, the situation of profitability, cooperation agreement and land utilization. ③ At the aspects of the development of power project and assets purchasing, Yudean Group provides the priority for Yue Dian Li choose. If Yue Dian Li gives up development and purchasing, Guangkong Group will join Yue Dian Li under the situation that the project is completed and put into production, and that the purchase is done and the project meets the conditions of listing. For details, see June 5, 2014, published in the designated media "Announcement of Guangdong Electric Power Development Co., Ltd. matters related to commitments".			
Commitments in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders	Guangdong Yudean Group Co., Ltd.		To maintain the stability of the market, Yudean Group promised not to reduce the Yudean electric power shares within the next 12 months.	July 8, 2015	12 months	Under fulfillment
Completed on time(Y/N)	Yes					

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

Applicable  Not applicable

No particulars about the changes in aspect of accounting policy, estimates or calculation method in the period.

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

Applicable  Not applicable

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

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

Applicable  Not applicable

**New Subsidiary Establishment of the Year**

Name	Business place	Registered address	Nature	Registered capital	Proportion (%)	Acquired
Guangdong Yudean Yongan Natural gas Thermoelectric Co., Ltd.	Zhaoqing	Zhaoqing	Electric Power	100,000,000	90%	Invested
Guangdong Yudean Pingyuan Wind power Co., Ltd.	Meizhou	Meizhou	Electric Power	30,000,000	100%	Invested
Guangdong Yudean Heping Wind Power Co., Ltd.	Heyuan	Heyuan	Electric Power	30,000,000	100%	Invested

**IX. Engagement/Disengagement of CPAs****CPAs currently engaged**

Name of the domestic CPAs	PWC Certified Public Accountants (special general partnership)
Remuneration for domestic accounting firm (RMB'0000)	300
Continuous life of auditing service for domestic accounting firm	1
Name of domestic CPA	Wang Bin, Chen Junjun

Has the CPAs been changed in the current period

Yes  No

Whether to change the accounting firm during the audit

Yes  No

Whether to perform the approval process during replacement of accounting firm

Yes  No

A detailed description of the situation of appointments and change of accounting firms

As KPMG Huazhen (special general partnership) employment period expired, the company re-employed the accounting firm of annual audit through the open tendering in 2016. Based on results of the bid invitation and evaluation, through deliberation of the 12<sup>th</sup> session of the 8<sup>th</sup> Board of Directors and approval of the 2<sup>nd</sup> extraordinary general meeting in 2016, Price Waterhouse Coopers Zhongtian Accounting Firm (special general partnership) was employed as the audit agency for the company in 2016 with the standard service fee 3 million yuan. Then if the newly-added subsidiary needs to entrust other companies with auditing, the service fee shall be higher than the average level of the offer winning the bid.

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

Applicable  Not applicable

In the report year, the Company engaged PWC Certified Public Accountants (special general partnership) as the certified public accountants and internal control audit body in 2016. The audit remuneration was RMB 3 million (including subsidiary).

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

Applicable  Not applicable

#### **XI. Bankruptcy reorganization**

Applicable  Not applicable

No bankruptcy reorganization for the Company in reporting period.

#### **XII. Significant lawsuits and arbitrations of the Company**

Applicable  Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

#### **XIII. Situation of Punishment and Rectification**

Applicable  Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable  Not applicable

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

Applicable  Not applicable

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

## **XVI.Material related transactions**

### **1. Related transactions in connection with daily operation**

Applicable  Not applicable

Nil

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

Applicable  Not applicable

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

### **3. Related-party transitions with joint investments**

Applicable  Not applicable

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

### **4. Credits and liabilities with related parties**

Applicable  Not applicable

Nil

### **5. Other significant related-party transactions**

Applicable  Not applicable

(1) In 2016, daily related transactions were carried out after examination and approval by 2015 annual shareholders' general meeting. Refer to (5) Related transactions of XII. Relationship between related parties and the transactions between them of the Financial Report of this report for details.

(2) The Proposal on the Financial Services such as Making the Application of the Total Loan Limit of RMB 16 Billion and Handling the Deposit Settlement to the Related Party- Guangdong Yudean Finance Co., Ltd by the Company and Some of its Subsidiaries was approved in the company's 2015 annual general shareholder meeting for implementation.

(3) The company's share-controlling subsidiary of Guangdong Yudean Jinghai Power Generation Co., Ltd (hereinafter referred to as Jinghai Company) purchases the capacity quota of the remaining shut-down power units of 25,000 KW held by Guangdong Yuehua Power Generation Co., Ltd (hereinafter referred to as Yuehua Company) in the amount of RMB 10 million had been approved in 2016 fourth communication meeting of the eighth session board of directors for implementation.

## Website for temporary disclosure of the connected transaction

Announcement	Date of disclosure	Website for disclosure
Daily related transaction announcement	April 30,2016	http://www.cninfo.com.cn.
Announcement on the Company's Related Transaction of Guangdong Yudean Finance Co., Ltd.	April 30,2016	http://www.cninfo.com.cn.
Announcement on the Purchase of the Capacity Quota of Shut-down Power Units by the Company's Share-controlling Subsidiary	August 10,2016	http://www.cninfo.com.cn.

**XVII.Particulars about significant contracts and their fulfillment****1. Particulars about trusteeship, contract and lease****(1) Trusteeship**

Applicable  Not applicable

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

**(2) Contract**

Applicable  Not applicable

No any contract for the Company in the reporting period.

**(3) Lease**

Applicable  Not applicable

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

**2.Guarantees**

Applicable  Not applicable

**(1) Guarantees**

In RMB'0000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)								
Name of the Company	Relevant disclosure date/No. of	Amount of Guarantee	Date of happening (Date of	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation	Guarantee for associated



	the guaranteed amount		signing agreement)				or not	parties (Yes or no)
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 24,2007	4,350	December 19,2007	2,610	Guaranteeing of joint liabilities.	15 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	December 19,2007	4,350	November 30,2007	1,073	Guaranteeing of joint liabilities.	15 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	November 12,2008	7,250	November 14,2008	1,276	Guaranteeing of joint liabilities.	12 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 27,2009	9,367	June 22,2009	6,467	Guaranteeing of joint liabilities.	18 years	No	No
Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd.	May 27,2009	7,250	May 27,2009	3,625	Guaranteeing of joint liabilities.	15 years	No	No
Total amount of approved external guarantee in the report period(A1)				0	Total actually amount of external guarantee in the report period(A2)			-36,110
Total amount of approved external guarantee at the end of the report period(A3)				190,835	Total actually amount of external guarantee at the end of the report period(A4)			15,051
Guarantee of the company for its subsidiaries								
Name of the company guaranteed	Related announcem ent date and no.	Amount of guarantee	Date of happening(date of signing agreement)	Actually guarantee amount	Guarantee type	Guarantee term	Complete implemen tation or not	Guarante e for related party(yes or no)

Zhanjiang Wind Power Generation Co., Ltd.	April 29, 2009	18,571.7	October 9, 2010	13,959.14	Guaranteeing of joint liabilities.	18 years	No	No
Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.	November 16, 2013	9,000	January 28, 2014	6,750	Guaranteeing of joint liabilities.	7 years	No	No
Guangdong Shaoguan Yuejiang Power Generation Co., Ltd.	November 16, 2013	8,100	January 29, 2014	5,850	Guaranteeing of joint liabilities.	7 years	No	No
Total of guarantee for subsidiaries approved in the period(B1)				0	Total of actual guarantee for subsidiaries in the period (B2)			
Total of guarantee for subsidiaries approved at period-end(B3)				141,536	Total of actual guarantee for subsidiaries at period-end(B4)			
Guarantee of the subsidiaries for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
The Company's total guarantee(i.e.total of the first three main items)								
Total guarantee quota approved in the reportingperiod (A1+B1+C1)				0	Total amount of guarantee actually incurred in the reporting period (A2+B2+C2)			
Total guarantee quota already approved at theendof the reporting period (A3+B3+C3)				332,371	Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)			
The proportion of the total amount of actually guarantee in the netassetsof the Company (that is A4+B4+C4) %								
Including:								
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)								

Total guarantee Amount of the abovementioned guarantees (D+E+F)	27,651
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Description of the guarantee with complex method

## (2) Illegal external guarantee

Applicable  Not applicable

**No Illegal external guarantee in the report period.**

## 3. Situation of Entrusting Others for Managing Spot Asset

### (1) Situation of Entrusted Finance

Applicable  Not applicable

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

### (2) Situation of Entrusted Loans

Applicable  Not applicable

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

## 4. Other significant contract

Applicable  Not applicable

No other significant contracts for the Company in reporting period.

## XVIII. Social responsibilities

### 1. Overview of the annual targeted poverty alleviation

#### (1) Precise poverty alleviation

Within the report period, the company implements carefully the scheme of “targeted poverty alleviation and overcoming in three years” in Guangdong, organize positively the manpower, material and financial resources into the poverty-relief work, and six subsidiaries conduct positively the targeted poverty alleviation and counterpart-assistance work and achieve good social benefits, which include Yuejiang, Red Bay, Jinghai, Zhenneng, Zhanjiang and Dapu, etc.

#### (2) Information of the listed company’s annual work in targeted poverty alleviation

Index	Measurement unit	Quantity / Status
I. General situation	—	—
Thereinto: 1. Capital	Million	58.01
2. Cash supplies	Million	1.4
3. Ecological protection to poverty alleviation	Person	957

## (3) Subsequent targeted poverty alleviation program

The year 2017 is the critical year as the connection link for “targeted poverty alleviation and overcoming in three years”. The company and holding subsidiaries will continue implementing the province, city and county’s relevant regulations on the targeted poverty alleviation, and find out ways for targeted poverty alleviation based on the local conditions. Firstly, insist the party and style construction, promote the ideological building of the assistance object village “two committees” members and intensify the results of “two studies and one action” learning activity. Secondly, insist study and improve capacity, insist the thorough learning on the spirit of Xi Jinping series important speeches, the spirit of relevant targeted poverty alleviation papers, the village business knowledge and the way to communicate with the public and improve further the work capacity for people. Thirdly, intensify the key points and promote the implementation, each poverty alleviation work team will continue focusing on the targeted poverty alleviation, grasp the poverty alleviation central work and coordinate overall and implement relevant work. For the poor households poverty alleviation projects and village group projects listed in the filing and issuing cards, obtain positively support from relevant authority subject to the formulated target tasks, assist the assistance object villages and poor households in implementing the poverty alleviation projects and guarantee the overall completion of the poverty alleviation target tasks in the practical style.

## 2. Information of performance of other social responsibilities

For details, please see the Social Responsibility Report disclosed by the company on the same day.

<http://www.cninfo.com.cn>

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

Yes

Company or subsidiary name	Main pollutant and specific pollutant name	Emission way	Emission port number	Emission port distribution condition	Emission concentration	Implemented pollutant emission standards	Total emission	Verified total emission	Excessive emission condition
Shajiao A power plant	Smoke	Concentrated emission through chimney	2	within the factory	11.11mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	252.78 ton	1485.98 ton	No
	SO <sub>2</sub>				27.34mg/Nm <sup>3</sup>		621.71 ton	5910.79 ton	
	NO <sub>x</sub>				40.28mg/Nm <sup>3</sup>		916.01 ton	10472.84 ton	
Dapu Power Plant	Smoke	Concentrated emission through chimney	2	within the factory	4.9mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission	56.2 ton	593 ton	No
	SO <sub>2</sub>				20.0mg/m <sup>3</sup>		195.9 ton	1447 ton	
	NO <sub>x</sub>				30.5mg/m <sup>3</sup>		275.1 ton	1502 ton	

					limit				
Zhanjiang Tiaoshun Power plant	Smoke	Concentrated emission through chimney	1	within the factory	9.73mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	166.85 ton	765 ton	No
	SO <sub>2</sub>				82.70mg/Nm <sup>3</sup>		1416.83 ton	2046 ton	
	NO <sub>x</sub>				54.46mg/Nm <sup>3</sup>		916.36 ton	1587 ton	
#1、#2、#10、#11 unit Shaoguan Power Plant	Smoke	Concentrated emission through chimney	2	within the factory	9.9 mg/Nm <sup>3</sup> (#10、#11 unit) 4.0 mg/Nm <sup>3</sup> (#1、#2 unit)	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	130.22 ton	--	No
	SO <sub>2</sub>				110 mg/Nm <sup>3</sup> (#10、#11 unit) 17 mg/Nm <sup>3</sup> (#1、#2 unit)		1054.28 ton	3465 ton	
	NO <sub>x</sub>				115 mg/Nm <sup>3</sup> (#10、#11 unit) 34 mg/Nm <sup>3</sup> (#1、#2 unit)		1202.01 ton	3465 ton	
Zhanjiang Power Plant	Smoke	Concentrated emission through chimney	2	within the factory	7mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	115.51 ton	5800 ton	No
	SO <sub>2</sub>				55mg/Nm <sup>3</sup>		1062.64 ton	3053 ton	
	NO <sub>x</sub>				47mg/Nm <sup>3</sup>		815 ton	3115 ton	
Huilai Power plant	Smoke	Concentrated emission through chimney	2	within the factory	6.82mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	286.5 ton	--	No
	SO <sub>2</sub>				61.28mg/Nm <sup>3</sup>		2574.2 ton	--	
	NO <sub>x</sub>				52.29mg/Nm <sup>3</sup>		2196.7 ton	--	
Shanwei Power plant	Smoke	Concentrated emission through chimney	2	within the factory	11.14mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	285.33 ton	287.57 ton	No
	SO <sub>2</sub>				52.40mg/Nm <sup>3</sup>		1463.27 ton	1479.29 ton	
	NO <sub>x</sub>				42.84mg/Nm <sup>3</sup>		1181.10 ton	--	

						limit			
#5、#6、#7 Unit Maoming thermal power Plant	Smoke	Concentrat ed emission through chimney	2	within the factory	11.34mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	168.06 ton	370 ton	No
	SO <sub>2</sub>				41.34mg/Nm <sup>3</sup>		389.38 ton	3205 ton	
	NO <sub>x</sub>				45.99mg/Nm <sup>3</sup>		693.96 ton	4000 ton	
Pinghai Power plant	Smoke	Concentrat ed emission through chimney	2	within the factory	8.845mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	183.16 ton	--	No
	SO <sub>2</sub>				15.16mg/Nm <sup>3</sup>		380 ton	2085 ton	
	NO <sub>x</sub>				36.08mg/Nm <sup>3</sup>		788.36 ton	--	
Qianwan LNG power plant	NO <sub>x</sub>	Concentrat ed emission through chimney	3	within the factory	3.37mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	495.79 ton	--	No
Huizhou LNG power plant	NO <sub>x</sub>	Concentrat ed emission through chimney	3	within the factory	35mg/Nm <sup>3</sup>	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) special emission limit	705 ton	--	No

## Prevention and control of pollution facilities construction and operation

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

Whether release social responsibility Report

√ Yes □ No

Corporate social Responsibility Report					
Enterprise nature	Whether contain Environmental information	Whether contain social information	Whether contain corporate governance information	Staards in the released report	
				Domestic standards	Foreign standards
State-owned enterprise	Yes	Yes	Yes	The Shenzhen stock Exchangelisting corporation “social responsibility guidelines”, Chinese Academy of Social Sciences guidelines for the preparation of CSR reports	GRI

## Specific description

1. Whether the company has passed the environmental management system certification (ISO14001)	Yes
2. Investment and expense for the annual environmental protection of the Company (RMB'0000)	100,516.98
3. Performance for the three wastes (Industrial wastewater, wastegases and residues) emission reduction of the Company	Standard
4. Company investment in the employee personal knowledge and skills improvement to improve the employee occupational development capacity (RMB'0000)	1,799.16
5. Company donation amount for public welfare (capital, goods and materials and free professional service) (RMB'0000)	326.99

## XIX. Major issues of subsidiary

Applicable  Not applicable

Nil

## XX. Material issues of the subsidiaries

Applicable  Not applicable

The company holding subsidiary Guangdong Yudean Pinghai Power Plant Co., Ltd. received Written Decision of Administrative Penalty (YHZCF [2016] No. 019) issued by Guangdong Ocean & Fishery Administration on November 14, 2016, in which, Pinghai company was subject to the penalty decision that “return and recover the illegal occupied sea area and pay the fine ten times of the payable for the sea area utilization based on the area 16.3947 ha. for the period of illegal occupation, namely One Hundred and Seventy Two Million One Hundred and Forty Four Thousand Three Hundred and Fifty yuan only (RMB 172,144,350.00).” due to the violation of Article III of Law of the People's Republic of China on the Management of Sea Areas Use by the action that Pinghai has conducted Pinghai plant site levelling and bank protection project with land reclamation area of 16.3947 ha. without approval. Based on the net profit 3.238 billion yuan belonging to the parent company shareholders through audit in the previous year, the above administrative penalty involving amount will influence the net profit belonging to the parent company shareholders by 77.40 million yuan or so accounting for about 2.39% of net

profit of the latest period through audit, which will not constitute the major influence on the company.

Pinghai Company refused to obey the penalty measure in Written Decision of Administrative Penalty and applied the administrative reconsideration from Guangdong People's Government subject to Article IV in Administrative Reconsideration Law of the People's Republic of China on January 16, 2017. Until the report disclosure date, the administrative penalty was still under negotiation and coordination among many parties. In accordance with Agreement for Assets Purchase through Issuing Shares concluded between Yuedian group and the company in 2012, Yuedian group will compensate the company for the actual losses caused by the event above subject to the result of the administrative reconsideration of lawsuit for the penalty event above.



## VI. Change of share capital and shareholding of Principal Shareholders

## (1) Changes in share capital

## 1. Changes in share capital

In Shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Share with conditional subscription	1,897,966,823	36.15%						1,897,966,823	36.15%
2. State-owned legal person shares	1,893,342,621	36.06%						1,893,342,621	36.06%
3. Other domestic shares	4,624,202	0.09%						4,624,202	0.09%
Of which: Domestic legal person shares	4,620,666	0.09%						4,620,666	0.09%
Domestic natural person shares	3,536	0.00%						3,536	0.00%
II. Shares with unconditional subscription	3,352,317,163	63.85%						3,352,317,163	63.85%
1. Common shares in RMB	2,553,909,163	48.64%						2,553,909,163	48.64%
2. Foreign shares in domestic market	798,408,000	15.21%						798,408,000	15.21%
III. Total of capital shares	5,250,283,986	100%						5,250,283,986	100%

Reasons for share changed:

 Applicable  Not applicable

Approval of Change of Shares

 Applicable  Not applicable

Ownership transfer of share changes

 Applicable  Not applicable

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

 Applicable  Not applicable

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

Applicable  Not applicable

## 2. Change of shares with limited sales condition

Applicable  Not applicable

## II. Issuing and listing

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

Applicable  Not applicable

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

Applicable  Not applicable

### 3. About the existing employees' shares

Applicable  Not applicable

## III. Shareholders and actual controlling shareholder

### 1. Number of shareholders and shareholding

In Share

Total number of common shareholders at the end of the reporting period	110,115	Total shareholders at the end of the month from the date of disclosing	108,483	The total number of preferred shareholders voting rights restored at period-end(if any)(See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report(if any)(See Notes 8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of	Amount

							share	
Guangdong Yudean Group Co., Ltd.	State-owned legal person	67.39%	3,538,005,285		1,893,342,621	1,644,662,664		
China Securities Finance Co., Ltd.	State-owned legal person	2.78%	145,748,980			145,748,980		
Guangdong Guangfa Electric Power Investment Co., Ltd.	State-owned legal person	2.22%	116,693,602			116,693,602		
Guangdong Electric Power Development Corporation	State-owned legal person	1.80%	94,367,341			94,367,341		
Li Zhuo	Domestic Natural person	0.41%	21,362,585	7,360,417		21,362,585		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas Legal person	0.33%	17,484,844	1,809,700		17,484,844		
Harbin Daoli District Charity Foundation	Domestic Non-State owned legal person	0.29%	15,441,308	11,613,695		15,441,308		
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	Overseas Legal person	0.29%	15,322,336	-360,000		15,322,336		
NOMURA SINGAPORE LIMITED	Overseas Legal person	0.24%	12,599,843			12,599,843		
Central Huijin Assets Management Co., Ltd.	State-owned legal person	0.23%	12,258,200			12,258,200		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (See Notes 3)								Not applicable
Explanation on associated relationship among the aforesaid shareholders								The fourth largest shareholder Guangdong Electric Power Development Corporation is the wholly-owned subsidiaries of the largest shareholder Yudean Group. These two companies have relationships; whether the other shareholders have relationships or unanimous acting was unknown.
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period			Share type				
				Share type	Quantity			
Guangdong Yudean Group Co., Ltd.	1,644,662,664			RMB Common				

		shares	
China Securities Finance Co., Ltd.	145,748,980	RMB Common shares	
Guangdong Guangfa Electric Power Investment Co., Ltd.	116,693,602	RMB Common shares	
Guangdong Electric Power Development Corporation	94,367,341	RMB Common shares	
Li Zhuo	21,362,585	RMB Common shares	
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	17,484,844	Foreign shares placed in domestic exchange	
Harbin Daoli District Charity Foundation	15,441,308	RMB Common shares	
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	15,322,336	Foreign shares placed in domestic exchange	
NOMURA SINGAPORE LIMITED	12,599,843	Foreign shares placed in domestic exchange	
Central Huijin Assets Management Co., Ltd.	12,258,200	RMB Common share	
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	The fourth largest shareholder Guangdong Electric Power Development Corporation is the wholly-owned subsidiaries of the largest shareholder Yudean Group. These two companies have relationships; whether the other shareholders have relationships or unanimous acting was unknown.		
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	The Fifth largest shareholder Li Zhuo holds 21,074,665 A shares of the Company through stock account with credit transaction and guarantee and holds 287,920 A shares through ordinary stock account, hold 21,362,585 shares of the Company's stock totally. The Seventh largest shareholder Harbin Daoli District Charity Foundation holds 14,696,015 A shares of the Company through stock account with credit transaction and guarantee and holds 745,293 A shares through ordinary stock account, hold 15,441,308 shares of the Company's stock totally.		

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

Yes  No

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

## 2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative/ Leader	Date of incorporation	Organization code	Principal business activities
Guangdong Yudean Group Co., Ltd.	Li Zhuoxian	August 3, 2001	91440000730486022G	Management and sales of the electricity investment construction operation management, electricity power(Thermal Power), The industry of transportation resources environmental protection, new source of energy electricity investment; investment planning and consulting ; information consulting service; sales of production materials.
The equity of the controlling shareholder in other domestic and foreign listed companies held or partly held by it in the report period	Not applicable			

Change of the actual controller in the reporting period

Applicable  Not applicable

Nil

## 3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Principal business activities
State-owned Assets supervision and administration Commission of Guangdong Provincial People's Government	Li Cheng	June 26, 2006	114400007583361658	As the special institution directly subordinate to Guangdong Provincial People's Government, performed the obligation of provincial state-asset contributor

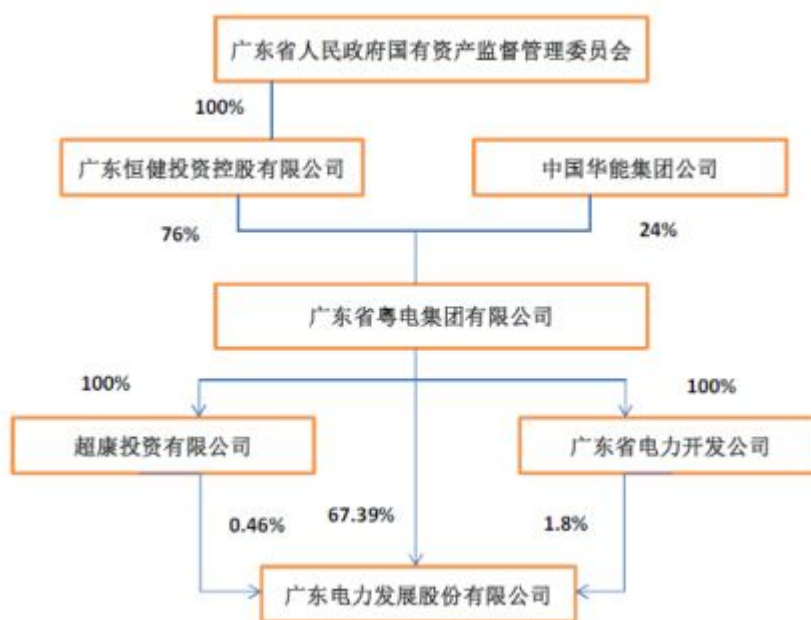
				entrusted by the provincial government.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Not applicable			

Changes of the actual controller in the reporting period

Applicable Not applicable

No Changes of the actual controller in the reporting period

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



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

Applicable Not applicable

#### 4.Particulars about other legal person shareholders with over 10% shareheld

Applicable Not applicable

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

Applicable Not applicable

**VII. Situation of the Preferred Shares**

Applicable  Not applicable

The Company had no preferred shares in the reporting period.

**VIII. Information about Directors, Supervisors and Senior Executives****I. Change in shares held by directors, supervisors and senior executives**

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin(share)	Amount of shares increased at the reporting period(share)	Amount of shares decreased at the reporting period(share)	Other changes increase/decrease	Shares held at the year-end(share)
Huang Zhenhai	Board chairman	In office	Male	54	August 25,2016	May 20,2017					
Li Yanxu	Director	In office	Male	50	December 30,2016	May 20,2017					
Hong Rongkun	Director	In office	Male	59	May 16,2002	May 20,2017					
Gao Shiqiang	Director	In office	Male	59	April 29,2005	May 20,2017					
Li Mingliang	Director	In office	Male	52	May 18,2011	May 20,2017					
Xu Ping	Director	In office	Male	53	December 30,2016	May 20,2017					
Yang Xinli	Director	In office	Male	54	May 20,2014	May 20,2017					
Yao Jiheng	Director	In office	Male	51	May 20,2014	May 20,2017					
Yao Jiheng	General Manager	In office	Male	51	January 16,2014	May 20,2017					
Zhang Xueqiu	Director	In office	Male	51	May 20,2014	May 20,2017					
Zhang	Director	In	Male	50	May	May					

Xueqiu		office			18,2011	20,2017					
Liu Tao	Independent director	In office	Male	45	May 18,2011	May 20,2017					
Zhang Hua	Independent director	In office	Male	51	December 8,2011	May 20,2017					
Sha Qilin	Independent Supervisor	In office	Male	56	May 20,2014	May 20,2017					
Mao Fugen	Independent Supervisor	In office	Male	53	May 20,2014	May 20,2017					
Shen Hongtao	Independent Director	In office	Female	49	May 20,2016	May 20,2017					
Wang Xi	Independent Director	In office	Male	46	May 20,2016	May 20,2017					
Zhang Dewei	Chairman of the Supervisory Committee	In office	Male	55	August 14,2012	May 20,2017					
Zhao Li	Supervisor	In office	Female	44	May 18,2011	May 20,2017					
Zhu Weiping	Independent Supervisor	In office	Male	59	May 20,2014	May 20,2017					
Jiang Jinsuo	Independent Supervisor	In office	Male	48	May 20,2014	May 20,2017					
Lin Weifeng	Employee supervisor	In office	Male	48	May 15,2002	May 20,2017	4,716				4,716
Li Qing	Employee supervisor	In office	Male	39	May 20,2014	May 20,2017					
Yang Xuanxing	Deputy GM	In office	Male	51	January 16,2014	May 20,2017					
Li Xiaoqing	Deputy GM, Finance manager	In office	Female	45	September 12,2006	May 20,2017					
Liu Hui	Deputy GM	In office	Female	51	July 28,2010	May 20,2017					
Liu Wei	Board secretary	In office	Male	37	October 24,2006	May 20,2017					
Li Zhuoxian	Board chairman	Retired	Male	53	May 7,2015	August 25,2016					
Zhong	Director	Retired	Male	60	April	November					



Weimin		d			29,2006	8,2016					
Kong Huitian	Director	Retired	Male	60	May 26,2010	February 8,2017					
Hu xiaolei	Director	Retired	Male	51	May 20,2014	February 8,2017					
Ding Yougang	Independent Director	Retired	Male	47	May 20,2014	May 20,2016					
Lu Jun	Independent Director	Retired	Male	54	May 20,2014	May 20,2016					
Total	--	--	--	--	--	--	4,716	0	0		4,716

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

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Li Zhuoxian	Former chairman	Retired	August 25,2016	Job changes
Huang Zhenhai	Board chairman	Appoint and dismiss	August 25,2016	Through the first provisional Shareholders meeting of the Company in 2016 elected as a director of the Company, Through the 13 <sup>th</sup> meeting of the Eighth Board of Directors of the Company elected as the Company chairman..
Zhong Weimin	Original director	Retired	November 8,2016	Retired
Li Zhuoxian	Director	Appoint and dismiss	December 30,2016	Through the third provisional Shareholders meeting of the Company in 2016 elected as a director of the Company,
Xu Ping	Director	Appoint and dismiss	December 30,2016	Through the third provisional Shareholders meeting of the Company in 2016 elected as a director of the Company,
Ding Yougang	Original Independent Director	Retired	May 20,2016	Personal reasons
Lu Jun	Original Independent Director	Retired	May 20,2016	Personal reasons
Shen Hongtao	Independent Director	Appoint and dismiss	May 20,2016	Through the Shareholders meeting of the Company in 2015 elected as a Independent director of the Company,
Wang Xi	Independent Director	Appoint and dismiss	May 20,2016	Through the Shareholders meeting of the Company in 2015 elected as a Independent director of the Company,
Kong Huitian	Original director	Retired	February 8,2017	Retired

Hu Xiaolei	Original director	Retired	February 8,2017	Job changes
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### III.Posts holding

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

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

Mr. Li Yanxu, born in March 1966, Bachelor of engineering and Master of engineering of Taiyuan University of Technology, Doctor of science of Shanxi Coal-Chemistry Research Institute of Chinese Academy of Sciences, professor. Currently, he is the director, the deputy party secretary and the direct party secretary of Guangdong Yudean Group Co., Ltd. He had served as deputy dean of school of environmental science and Engineering of Guangdong University of Technology, director, member of the party committee and organizational minister of laboratory and equipment management department of Guangdong University of Technology,

Mr. Hong Rongkun, born in September 1957. Huazhong Institute of Technology. Senior engineer. He is currently the director, deputy general manager and party committee member of Guangdong Yudean Group Co., Ltd. He served as Deputy Director of Maoming Thermal Power Plant, Deputy Director and Deputy Chief Engineer of Health Technology Bureau of Guangdong Electric Power Industry Bureau, Director ,Deputy General Manager and member of the party committee of Guangdong Yudean Asset Management Co., Ltd.

Mr. Gao Shiqiang, born in December 1957. South China Institute of Technology,college degree, South China University of Technology Master of Engineering. Senior engineer. He is currently the director, deputy general manager and party committee member of Guangdong Yudean Group Co., Ltd. Former director of the Heyuan Electric Power Industry Bureau; Shanwei Electric Power Industry Bureau Secretary and party secretary; Guangdong Electric Power Group Company Director; Guangdong Province Yudean Group Co., Ltd. Party committee member, deputy chief engineer and strategic development minister, Yudean environmental protection Project management company general manager; Guangdong Yudean Group Co., Ltd. director, deputy general manager, party committee member and general legal adviser.

Mr. Li Mingliang, born in September 1964. Xi'an Jiaotong University Bachelor of Engineering, South China University of Technology Master of Engineering. Senior engineer (professor level). He is currently the director, deputy general manager and party committee member of Guangdong Yudean Group Co., Ltd. Former Zhuhai power plant deputy director, director, party secretary; Guangdong Yudean Group Co., Ltd. Party committee member, deputy chief engineer and human resources minister.

Mr. Xu Ping was born in October 1963, bachelor and master of management of Xiamen University, senior accountant. Currently, he is the vice general manager of Guangdong Yudean Group Co., ltd. He had served as deputy director, director of finance management section of finance department of Huaneng International Power

Development Corporation; and he had served as chief accountant of Huaneng Shijiazhuang Branch, chief accountant of Huaneng Shang An Power plant, deputy manager of finance department of Huaneng International Power Development Corporation; manager of finance department of Huaneng International Power Development Corporation; vice general manager, deputy secretary of party committee, general manager of Great Wall Securities Co., Ltd and director of asset management department of China Huaneng Group.

Mr. Yang Xinli, born in October 1962. Xi'an Jiaotong University Bachelor of Engineering, North China Electric Power Institute Beijing Graduate Department of Engineering Master. Senior engineer. He is currently the deputy general manager and member of the Party committee of Guangdong Yudean Group Co., Ltd. He served as Deputy Director of Electric Power Department of Guangdong Provincial Economic and Trade Commission, Deputy Director of Comprehensive Utilization Department of Electric Power and Resources, Director of Electric Power Energy Department, Director of Personnel Training Department; Director of Personnel Department of Guangdong Provincial Economic and Information Technology Commission.

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

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

Mr. Liu Tao, born in March 1971. Doctor of Law, Wuhan University. A lawyer. He is currently the director of Guangdong Junhou Law Firm, concurrently the representative of Guangdong Provincial People's Congress, the member of the Legislative Affairs Committee of Guangdong Provincial People's Congress, the supervisor of petition and supervisors of Guangdong Provincial Higher People's Court, the appraiser of special case, the part-time teacher of Guangdong Branch of the State Prosecutor's College, Deputy Director of the Lawyers Association, Arbitrator of the Guangzhou Arbitration Commission, Independent Director of Guangdong Electric Power Development Co., Ltd.

Mr. Zhang Hua, born in March 1965. Master of Economics, Jiangxi University of Finance and Economics. Economist. He is currently the Deputy General Manager of Guangzhou Deduan Investment Co., Ltd. and Deputy General Manager of Shenzhen Dongying Ruitong Investment Management Partnership (Limited Partnership), and is an independent director of Guangzhou Yuyin Technology Co., Ltd. and Guangdong Electric Power Development Co., Ltd.

Mr. Sha Qilin, born in October 1960. Master of Wuhan Institute of Technology. Associate Professor, practicing lawyer. He is currently a lawyer of Guangdong Nanguo Desai Law Firm, member of the Professional Committee

of Financial and Securities of Guangzhou Lawyers Association, and concurrently an independent director of Guangdong Electric Power Development Co., Ltd. He was an associate professor of Wuhan Institute of Technology (now Wuhan University of Technology), head of investment and development department of China Huandao Group Company, deputy chief engineer of group and chief manager of overseas listed leading group.

Mr. Mao Fugen, born in October 1963. Doctor of Economics, Xiamen University. He is currently a professor of Xiamen University, and has been a professor of Xiamen University and other universities. He is also an independent director of Xiamen International Trade Group Co., Ltd., Zhejiang Aokang Shoes Co., Ltd. and Guangdong Electric Power Development Co., Ltd.

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

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

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

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

production finance division manager.

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

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

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

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

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

Ms. Li Xiaoqing, born in September 1971. Chongqing University Bachelor of Engineering, Master of Engineering. Senior economist. He is currently the deputy general manager and chief financial officer of Guangdong Electric Power Development Co., Ltd. He was the head of the general manager of Guangdong Electric Power Development Co., Ltd., secretary of the board of directors and manager of the board affairs department.

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

Mr. Liu Wei, born in April 1979. Bachelor of Economics, Zhongnan University of Finance and Economics. Economist. He is currently the Secretary of the Board of Directors of Guangdong Electric Power Development Co., Ltd. and Manager of Board Affairs Department.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Huang Zhenhai	Guangdong Yudean Group Co., Ltd.	Director, General Manager and Vice Secretary of Party committee,	September 18,2015		Yes
Li Yanxu	Guangdong Yudean Group Co., Ltd.	Director, Vice Secretary of Party committee, secretary of Committee for Disciplinary inspection	February 9,2007		Yes
Hong Rongkun	Guangdong Yudean Group Co., Ltd.	Director, Deputy General Manager , member of the party committee	August 4,2003		Yes
Gao Shiqiang	Guangdong Yudean Group Co., Ltd.	Director, Deputy General Manager , member of the party committee	January 18,2006		Yes
Kong Huitian	Guangdong Yudean Group Co., Ltd.	Chief economic engineer, member of the party committee	February 26,2009		Yes
Li Mingliang	Guangdong Yudean Group Co., Ltd.	Director, Deputy general Manager, member of the party committee	November 4,2011		Yes
Xu Ping	Guangdong Yudean Group Co., Ltd.	Deputy general Manager	June 27,2011		Yes
Yang Xinli	Guangdong Yudean Group Co., Ltd.	Deputy general manager, member of the party committee	December 30,2012		Yes
Yao Jiheng	Guangdong Yudean Group Co., Ltd.	Member of the party committee	January 17,2011		No
Zhang Xueqiu	Guangzhou Development Group Co., Ltd.	Deputy GM and Board secretary	May 8,2009		Yes
Zhang Dewei	Guangdong Yudean Group Co., Ltd.	Secretary of Audit Supervise Dept	July 1,2012		Yes
Zhao Li	Guangdong Yudean Group Co., Ltd.	Vice Secretary of Finance Dept	November 1,2010		Yes

Offices taken in other organizations

Applicable Not applicable

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

Applicable Not applicable

#### IV. Remuneration to directors, supervisors and senior executives

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

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

At the end of the report period, the directors, supervisors and senior executives received the actual remuneration before tax was total RMB 5.1578 million .

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

Unit : RMB'0000

Name	Positions	Sex	Age	Office status	Total remuneration received from the shareholder	Remuneration actually received at the end of the reporting period
Huang Zhenhai	Board chairman	Male	54	In Office	0	Yes
Li Yanxu	Director	Male	50	In office	0	Yes
Hong Rongkun	Director	Male	59	In Office	0	Yes
Gao Shiqiang	Director	Male	59	In office	0	Yes
Kong Huitian	Director	Male	60	In Office	0	Yes
Li Mingliang	Director	Male	52	In Office	0	Yes
Xu Ping	Director	Male	53	In office	0	Yes
Yang Xinli	Director	Male	54	In Office	0	Yes
Yao Jiheng	Director General Manager	Male	51	In Office	58.76	No
Hu Xiaolei	Director	Male	51	In office	75.81	No
Zhang Xueqiu	Director	Male	50	In Office	0	Yes
Liu Tao	Independent director	Male	45	In Office	6.93	No
Zhang Hua	Independent director	Male	51	In Office	8.54	No
Sha Qilin	Independent	Male	56	In office	9.07	No

	director					
Mao Fugen	Independent director	Male	53	In Office	6.39	No
Shen Hongtao	Independent director	Female	49	In Office	4.29	No
Wan Xi	Independent director	Male	46	In Office	4.82	No
Zhang Dewei	Chairman of the Supervisory Committee	Male	55	In office	0	Yes
Zhao Li	Supervisor	Female	44	In Office	0	Yes
Zhu Weiping	Independent Supervisor	Male	59	In Office	4.29	No
Jiang Jinshuo	Independent Supervisor	Male	48	In Office	5.36	No
Lin Weifeng	Employee supervisor	Male	48	In office	34.09	No
Li Qing	Employee supervisor	Male	39	In Office	35.31	No
Yang Xuanxing	Deputy General Manager	Male	51	In Office	73.96	No
Li Xiaoqing	Deputy GM, Finance manager	Female	45	In office	70.32	No
Liu Hui	Deputy GM	Female	51	In Office	70.9	No
Liu Wei	Board secretary	Male	37	In Office	40.58	No
Li Zhuoxian	Original Board chairman	Male	53	Retired	0	Yes
Zhong Weimin	Original director	Male	60	Retired	0	Yes
Ding Yougang	Original Independent director	Male	47	Retired	3.18	No
Lu Jun	Original Independent director	Male	54	Retired	3.18	No
Total	--	--	--	--	515.78	--

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

Applicable Not applicable



## V. Particulars about employees.

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

Number of in-service staff of the parent company (person)	1,273
Number of in-service staff of the main subsidiaries (person)	5,335
Total number of the in-service staff (person)	6,608
Total number of staff receiving remuneration in the current period (person)	6,605
The number of the parent company and the main subsidiary's retired staffs who need to bear the cost (person)	3,192
<b>Professional</b>	
Classified according by Professions	Number of persons (person)
Production	3,969
Sales	53
Technical	1,582
Financial	165
Administrative	839
Total	6,608
<b>Education</b>	
Classified according by education background	Number of persons (person)
Doctor	1
Master	357
Universities	2,608
Colleges	1,857
Technical secondary school	346
High school and Below	1,439
Total	6,608

### 2. Remuneration policies

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

### **3. Training plan**

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

### **4. Outsourcing situation**

Applicable  Not applicable

## IX. Administrative structure

### I. Basic state of corporate governance

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

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

Yes  No

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

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

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

### III. Competition situations of the industry

Applicable  Not Applicable

Problem Types	Name of the Controlling Shareholders	Property of the Controlling Shareholders	Problems and Causes	Countermeasures	Time Schedule of Works and Follow-up Program
Horizontal competitions	Guangdong Yudean Group Co., Ltd.	Local SASAC	Guangdong Yudean Group is the strongest power generation company of largest scale in Guangdong Province. It was founded by the Guangdong Yudean	In order to thoroughly eliminate horizontal competitions between the Guangdong Yudean Group and others companies, the Guangdong Yudean Group has issued "commitment letter" about horizontal competitions on November 3, 2011. And they Standardized the commitments about	To achieve the above commitments, specific plan of Guangdong Yudean Group to avoid and resolve intro-industry competition is as follows: (1) the previous restructuring mentioned in "proposal about associated business plan and major assets restructuring for the company to

		<p>Group as a division of the company, when the electricity system reform "separation of power plants from network" was initially carried out by Guangdong provincial government nationwide. Guangdong Electric Power Development, as the only listed company of Guangdong Power Group, is engaged in the electricity business. Parts of its remaining generation assets of Guangdong Power Group are currently not included into Guangdong Electric Power Development, as most of the parts are still not up to the listing requirements and some problems of them cannot be resolved in short term, thus incurring to some extent horizontal industry competitions.</p>	<p>avoiding and resolving intro-industry competitions in accordance with regulatory requirements on June 5, 2014. Concrete contents are as follows: 1, Guangdong Electric Power Development is the only listed platform of integrated domestic generation assets. 2, Apart from generation assets of Guangdong Electric Power Development, the Guangdong Yudean Group will access problems in remaining generation assets in terms of imperfect approval process, earnings, cooperation agreement and land utilization, and will inject the reformed assets that are up to the listing requirements by acquisitions and restructuring in the last five years after the completion of the reorganization 3, the Guangdong Yudean Group offers the first refusal rights for Guangdong Electric Power Development administration in terms of domestic power project development and asset acquisition, and if Guangdong Electric Power Development give up the development or acquisition. Generation assets of Guangdong Yudean Group, that are that are up to the listing requirements will be injected in put into Guangdong Electric Power Development after the completion of the acquisition in the project.</p>	<p>issue shares to buy assets", which is adopted by Guangdong Electric Power Development Fourth Extraordinary General Assembly, has been completed for one year, and related works about asset injection will be finished as well. This work was launched in May 2013, and there is currently an inventory of related assets about its existence defects and a research solutions to this disorders on the way. (2) Remaining generation assets of Guangdong Yudean Group, which have a good profitability and are up to the listing requirements, will be injected into Guangdong Electric Power Development within the last five years after the restructuring, achieving the holistic listing of domestic high-class generation assets in the Guangdong Yudean Group. (3) Within five years after the completion of the reorganization, if there are still risk of closing down and unprompted profitability of power generation enterprises under the control of the Guangdong Yudean Group or failing to eliminate the defect domestic power generation enterprises, it is the Guangdong Electric Power Development that will decide whether the Guangdong Yudean Group can hold such generation companies' equity.</p>
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#### IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

##### 1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
2015 Shareholders' general meeting	Annual General Meeting	6.36%	May 20, 2016	May 20, 2016	Name of Announcement :Announcement of Resolution of 2015 shareholders' general meeting , Announcement No.:2016-23. Published in China Securities Daily , Securities Times and <a href="http://www.cninfo.com.cn">http://.www.cninfo.com.cn</a> .
The first provisional shareholders' General meeting in 2016	Provisional shareholders' General Meeting	6.17%	August 25, 2016	August 26, 2016	Name of Announcement :Announcement of Resolution of the first Provisional shareholders' general meeting in 2016, Announcement No.:2016-41, Published in China Securities Daily , Securities Times and <a href="http://www.cninfo.com.cn">http://.www.cninfo.com.cn</a>
The second provisional shareholders'	Provisional shareholders' General Meeting	5.89%	November 14, 2016	November 15, 2016	Name of Announcement :Announcement of Resolution of the second

General meeting in 2016					Provisional shareholders' general meeting in 2016, Announcement No.:2016-49, Published in China Securities Daily, Securities Times and http://www.cninfo.com.cn
The Third provisional shareholders' General meeting in 2016	Provisional shareholders' General Meeting	5.59%	December 30,2016	December 31,2016	Name of Announcement :Announcement of Resolution of the third Provisional shareholders' general meeting in 2016, Announcement No.:2016-52, Published in China Securities Daily, Securities Times and http://www.cninfo.com.cn

## 2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable  Not applicable

## V. Responsibility performance of independent directors in report period

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

The attending of independent directors						
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)
Liu Tao	11	4	6	1	0	No
Zhang Hua	11	5	6	0	0	No
Sha Qilin	11	5	6	0	0	No
Mao Fugen	11	2	6	3	0	Yes
Shen Hongtao	8	4	4	0	0	No
Wang Xi	8	3	4	1	0	No
Number of general meetings attended by independent directors as non-voting delegates		4				

Notes to failure to personally attend Board Meetings Successively Twice

During the reporting period, due to other things, the independent director Mao Fugen failed to personally attend the twelfth meeting of the eighth session board of directors, the thirteenth meeting of the eighth session board of directors and the fourteenth meeting of the eighth session board of directors (Among them, the twelfth meeting of the eighth session board of directors and the thirteenth meeting of the eighth session board of directors all were held on August 25, 2016), but he entrusted the independent director Shen Hongtao to attend all the afore-said meetings and exercise the right to vote. Before the afore-said board meetings, the independent director Mao Fugen carefully reviewed the conference documents and performed duties independently and impartially. According to the letter of authorization issued by him, there were no objections to all the topics of the meetings.

### 2.Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

Yes  No

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

### 3. Other notes to duty performance of independent directors

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

Yes No

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

In the report period, the independent directors of the Company earnestly performed the requirement assigned, The independent directors of the Company earnestly performed the requirement assigned by laws and regulations and Articles of Association of the Company, cared for the Company's production and business and financial performance and corporate governance structure, expressed independent opinions on the Company's operation and decision making and all related transactions, According to the regulation, conducting verification & giving independent opinion on important issues such as company's internal control, external guarantee performance, connected transaction and appointing or dismissing of executives, company's management level had been improved and definitely ensure the lawful rights and interests of most shareholders.

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

The board of directors of the company comprises committee of strategy, audit, budget, nomination and remuneration and appraisal. Each professional committee has established their corresponding working rules and put forward related professional opinions and suggestions according to their respective duties to the company operating development, which promoted the standardized operation of the company. In 2015, the duty fulfillment conditions of each special committee of the company's board of directors are as follows:

1. According to the relevant provisions of the China securities regulatory commission and Shenzhen stock exchange as well as the working discipline of annual report of the board of directors audit committee. On April 7, 2016, the Audit Committee of the eighth session board of directors held the sixth meeting, in which the company's 2015 annual financial report and The Company's Internal Control Evaluation Report etc were deliberated, thus formed review opinions; On August 16, 2016, the Audit Committee of the eighth session board of directors held the seventh meeting, in which the 2016 semi annual financial report and the matters such as the engaging of accounting firm were deliberated, thus formed review opinions; on December 30, 2016, the Audit Committee of the eighth session board of directors held the eighth meeting, in which the Proposal about the 2016 Financial Statements Work Plan was deliberated, and the communications with PwC in connection to the 2016 annual audit plan and the preliminary examination were carried out.

2. The remuneration and appraisal committee of the board of directors audited the remuneration condition of the directors, supervisors and senior managers disclosed in this report. The committee regarded that the payment standard and the determination of the total amount of annual payment conformed to their position and the company's payment management regulations; the payment conditions of the directors, supervisors and senior managers disclosed in Annual report is real.

3. The budget committee of the Eight board held its 1st meeting on April 1, 2016, reviewed and adopted the "Proposal on Illustration of Budget Implementation in 2015 and Budget Preparation in 2016".

4. On November 23, 2016, the Strategy Committee of the board held the first meeting of Strategy Committee of the eighth session board of directors, in which the Proposal about the Company's "13th Five-Year" Development Planning Report was examined and approved.

5. On November 23, 2016, the nomination committee of the board held the first meeting of the nomination committee of the eighth session board of directors, in which the qualifications for the director candidates were carefully deliberated.

### VII. Work of the supervisory Committee

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

Yes No

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

## VIII. Assessment and incentive Mechanism for Senior executives

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

## IX. Internal control situations

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

Yes  No

### 2. Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	April 26, 2017	
Disclosure index of appraisal report on internal control	Juchao Website: ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ), Selfevaluation report of internal control in 2016	
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company	96.49%	
Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company	97.67%	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative criteria	Qualitative criteria of evaluation towards inner control deficiency of financial report made by company are as follows: I, the inner control of financial report should be considered as "significant deficiency" if the following circumstances (including but not limited to) occurred: ① the ineffective environmental control; ② irregularities appearing between company directors, supervisors and senior executives; ③ serious mistakes in the financial statements of the current period found by external audit but not the inner control in the process of operating; ④ ineffective supervision of inner control from directorate and inner audit institution. II, the inner control of financial report should be considered as "serious deficiency" if the following circumstances occurred: ① accounting policy chosen and applied is not based on the GAAP; ② anti-irregularity procedure and control measures are not established; ③ very few relative control measures are established or implemented in terms of the accounting treatment related to unconventional or special transaction; ④ one or more deficiencies exist in the control process of final financial report and the authenticity, accuracy and integrity of establishment can not be assured reasonably. III common deficiency means, apart from the above "significant deficiency" and "serious deficiency", other deficiencies exist in the inner control process.	Qualitative criteria of evaluation towards inner control deficiency of non-financial report made by company are as follows: ① significant deficiency means one or more combinations of control deficiency which may result in seriously deviating from control goals. ② serious deficiency means one or more combinations of control deficiency whose severity and financial result are less than those of significant deficiency with possibility of deviating company from its control goals. ③ common deficiency means other control deficiencies apart from significant and serious deficiencies.
Quantitative criteria	A quantitative criterion regards operating receipt and gross value of assets as its yard stick. ① inner control deficiency may lead to loss related to profit statement, which is measured by operating receipt. The amount of misstatement in financial report resulted from the control deficiency or its combination is less than 0.5 percent of the operating receipt, which could be considered as the common deficiency. That would be considered as serious deficiency if the amount of misstatement in financial report resulted from the control deficiency or its combination is more than 0.5 percent but less than 1 percent of the operating receipt. And that would be regarded as significant deficiency if that is more than 1 percent of the operating receipt. ② inner control deficiency may lead to loss related to assets management, which is measured by total assets. The amount of misstatement in financial report	① the significant deficiency means that the direct property loss is between 50 million yuan. (2) the significant deficiency means hat the direct property loss is between 30 million yuan (including 30 million yuan); the serious deficiency means that the direct property loss is between 30 million.

	resulted from the control deficiency or its combination is less than 0.5 percent of the total assets, which could be considered as the common deficiency. That would be considered as serious deficiency if the amount of misstatement in financial report resulted from the control deficiency or its combination is more than 0.5 percent but less than 1 percent of the total assets. And that would be regarded as significant deficiency if that is more than 1 percent of the total assets.	
Number of major defects in financial reporting (a)		0
Number of major defects in non financial reporting (a)		0
Number of important defects in financial reporting (a)		0
Number of important defects in non financial reporting (a)		0

#### X. Internal Control audit report

Applicable  Not applicable

Review opinions in the internal control audit report	
We believe that, Guangdong Electric Power Development Co., Ltd. maintained efficient internal control of financial reports in all significant aspects according to “Basic Standards of Corporate Internal Control” and relevant regulations on December 31, 2016.	
Disclosure date of audit report of internal control (full-text)	Disclosure
Index of audit report of internal control (full-text)	April 26,2017
Internal audit report’s opinion	Juchao Website: ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> );2016 Audit report of internal control
Type of audit report on internal control	Unqualified auditor’s report
Whether there is significant defect in non-financial report	No

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

Yes  No

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

Yes  No



## X. Corporate Bond

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

Yes

### 1. Basic information of corporate bonds

Bond name	Bond short name	Bond code	Issue day	Due day	Bond balance '0000	Interest rate	Servicing way
2012 Corporate bonds of Guangdong Electric Power Development Co., Ltd.	12 Yudean Bond	112162.SZ	March 18, 2013	March 17, 2020	120,000	4.95%	Using simple interest rate on a yearly basis, regardless of compound interest. Due payments once a year, maturing debt at a time. In the final phase, interest is paid together with the principal redemption.
Corporate bonds listed or trading places		Shenzhen Stock Exchange					
During the reporting period, interest payment situation of the company bonds		The company paid the bond interests of the current year on March 18, 2015 to all the bond holders who were registered in China Securities Depository and Clearing Co., Ltd. Shenzhen branch as of the afternoon of March 17, 2015 when the Shenzhen Stock Exchange closed.					
If the corporate bonds attached to special clauses to the issuer or the investors such as option clause and exchangeable clause, please specify the implementation status of the corresponding clauses. (When applicable)		The duration of the bonds is 7 years, with redemption option, option of raising coupon rate by the issuer and the puttable right for the investors at the end of the fifth year. During the reporting period, the relevant clauses have not met the conditions for implementation.					

### 2. Bond trustee and the credit rating agency information

Bond trustee:							
Name	CITIC Securities Co., Ltd.	Office	22/F, CITIC Securities Building, No.48. Liangmaqiao Road, Chaoyang District, Beijing	Contact	Song Yilan, Kou Zhibo	Tel	010-60838888
The credit rating agencies which follow and rate the corporate bond during the reporting period							
Name	CCXR			Office address	8/F, Anji Building, No.760, Tibet South Road, Huangpu District, Shanghai.		

During the report period, the bond trustee, credit rating agency employed by the company that have changed, reasons for the change, performing procedures, relevant influence on investors, etc (If applicable).	Not applicable
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### 3. The usage of corporate bonds to raise money

The usage and performance of raised funds from Corporate bonds	According to the relevant contents in the Prospectus of the Issuance of Bonds announced on March 14, 2013, the company planned to use RMB 820 million of the raised funds to repay the loans, thus to adjust the debt structure; the remaining RMB 380 million of the raised funds planned for supplementing the company's liquidity, so as to improve the company's funds status. The net amount of the funds raised by the bonds had been remitted to the company's designated bank account on March 20, 2013, of which the amount of RMB 820 million of the raised funds had been used for repaying the loans, so as to adjust the debt structure; the remaining RMB 380 million of the raised funds used for supplementing the company's liquidity, so as to improve the company's funds status.
At the end of balance (RMB'0000)	0
Whether the usage of the raised money corresponding to the purposes of promise, use plans, and other agreement	Yes

### 4. Corporate bond rating information

On June 20, 2016, CCXR traced and analyzed the credit status of the company and the company's bonds of "12-Yuedian Bonds", maintained the credit rating of AAA for the main body of the company, with a stable outlook; maintained the credit rating of AAA for the corporate bonds. (The rating results were disclosed on the website: <http://www.ccxr.com.cn/>, with the title of Tracking and Rating Report for the 2012-Corporate Bonds of Guangdong Electric Power Development Co., Ltd(2016).

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

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

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

bonds is March 18, 2020, and the company will repay the principal and pay the last full year's interest when the bond is due. If the issuer performs the redemption option or the investors perform the puttable right, the maturity date of the bonds being redeemed or the bonds being sold back is March 18, 2018, and the corresponding principal and the last full year's interest will be repaid.

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

#### 6. During the reporting period the bondholder meeting

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

#### 7. During the reporting period the bond trustee perform his duties

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

During the reporting period, CITIC Securities Co., Ltd issued the Report of the 2012 Corporate Bonds Trustee for Guangdong Electric Power Development Co., Ltd(year of 2015) on May 27, 2016, and the report was disclosed on the cninf website on May 30, 2016 by the company.

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

In RMB'0000

Items	2016	2015	At the same time rate of change
Earnings before interest, tax, depreciation and amortization	342,800.75	1,115,030.95	-69.26%
Current ratio	66.95%	66.99%	-0.04%
Debt ratio	58.49%	57.98%	0.51%
Quick ratio	46.93%	54.93%	-8.00%
EBITDA/Total debts	8.46%	31.51%	-23.05%
Interest coverage ratio	2.08	3.87	-46.25%
Cash interest coverage ratio	7.03	7.15	-1.68%
EBITDA interest coverage ratio	2.14	5.8	-63.10%
Loans repayment rate	100%	100%	0%

Interest payment rate	100%	100%	0%
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The material reasons for the changed ratio of the accounting data or financial indicators exceeds 30% over the last year

Applicable  Not applicable

1. Due to the sluggish demand of electricity and the increasing competition in 2016, the company's on-grid electricity amount clearly declined, meanwhile the national grid-purchase price was again decreased since January 1 and the coal price rose in the second half of the year, resulted in that the company's power business recorded a big decline in profits as well as the associated company recorded a big decline in investment income.

2. The non-operating matters such as the implementation of environmental-protection and energy saving reconstruction on the coal-fired power generation units of subordinate power plant leading to a provision for part of dismantled or estimated scrapped equipment parts, the out-of-scope sea reclamation by Ping Hai Power Plant leading to administrative penalty and the payment of fines and late fees in tax inspection have an impact on the company's profitability. In addition, the same period of last year confirmed the gains from the disposal of the oil shale company's equity, while the current period has no such gains.

The above factors led to that the indicators such as profit before interest, tax, depreciation and amortization, interest coverage ratio and interest coverage ratio of EBITDA fell sharply compared to the same period of last year.

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

On October 20, 2015, the company issued 1,500,000,000 yuan of ultra short-term financing bonds, with a term of 270 days. During the reporting period, the payment of the principal and interest was RMB 1,536,405,737.

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

In their report period, the company signed an unconditional available bank amount limit of about RMB 47.817 billion, of which the used amount limit was RMB 28.626 billion, thus the remaining available bank amount limit was about RMB 19.191 billion. In this year, the company repaid bank loans of about RMB 12.379 billion, and the balance of bank loans was RMB 26.638 billion.

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

The company had committed to pay the principal and interests to the bondholders according to the stipulations of the prospectus of "Yuedian Bonds" issuance. In the reporting period, the company strictly performed the commitment, and on March 18, 2016, the company paid the bond interests to all the bondholders registered by China Securities Depository and Clearing Co., Ltd. Shenzhen Branch as of the afternoon time of March 17, 2016 when the trading in Shenzhen Stock Exchange was closed.

#### **12. Major events occurring in the period of report**

No

**13. Whether there is a guarantor corporate bonds**

Yes  No

## XI. Financial Report

### I. Audit report

Type of audit opinion	Unqualified audit opinion
Date for signing the auditor's report	April 24, 2017
Name of audit firm	PWC Certified Public Accountants (special general partnership)
Auditors Report NO.	普华永道中天审字(2017)第 10110 号
Certified public accountant's name	Wang Bin, Chen Junjun

#### Auditors Report

To all shareholders of Shareholders of Guangdong Electric Power Development Co., Ltd.

We audited accompanying financial statements of Guangdong Electric Power Development Co., Ltd. (hereinafter referred to as "the Company"), including Consolidation and parent Company balance sheet on December 31, 2016, Consolidation and parent Company profit statement, Consolidation and parent Company cash flow statement for the year 2016 and Consolidation and parent Company statement of change in shareholders' equity and the notes to financial statements..

#### I. Management's responsibility for the financial statements

Preparation of financial statements in accordance with the Accounting Standards for Business Enterprises is the responsibility of the management of the Company. Such responsibility includes: (1) Prepare the financial statements according to business enterprises regulation, so that making reasonable accounting estimate. (2) design, implementation and maintenance of internal control related to the preparation of financial statements so that financial statements are free from material misstatement caused by fraudulent practices or errors;

#### II. Responsibility of certified public accountants

We are responsible for expressing opinions on financial statements based on our audit. We conducted audit in accordance with the audit criteria for Chinese certified public accountants. The audit criteria for Chinese certified public accountants require us to abide by professional ethics, plan and conduct audit to obtain reasonable assurance as to whether financial statements are free from material misstatement. Audit involves carrying out audit procedure to obtain the audit evidences about the amounts and disclosure of financial statements. The selected audit procedure relies on the judgment of certified public accountants, including the appraisal of risk of material misstatement of financial statements caused by fraudulent practices or errors. While appraising risks, we considered the internal control related to the preparation of financial statements to design proper audit procedure but the purpose is not to express an opinion on the effectiveness of internal control. The audit also includes the appraisal of suitability of accounting policies selected by the management, the reasonableness of accounting estimate and the overall presentation of financial statements.

We believe that the audit evidences obtained by us are full and appropriate and provide a basis for expressing audit opinion.

### III. Audit opinion

In our opinion, the financial statements of Dongxu Optoelectronic Technology Co., Ltd. Wharf present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2016, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

PWC Certified Public Accountants (special general partnership)

Shanghai, China

April 24 ,2017

CPA

CPA

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Wang Bin

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Chen Junjun

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	31 December 2016 Consolidated	31 December 2015 Consolidated
<b>Current assets</b>			
Cash at bank and on hand	IV(1)	5,184,873,650	5,237,406,725
Accounts receivable	IV(2)	2,776,061,909	2,484,683,890
Advances to suppliers	IV(3)	1,064,822,122	1,063,701,630
Interests receivable	IV(4)	16,681,118	10,232,658
Dividends receivable		-	4,000,000
Other receivables	IV(5)	133,499,956	188,899,280
Inventories	IV(6)	1,513,153,241	1,333,654,623
Other current assets	IV(7)	882,055,591	638,461,972
<b>Total current assets</b>		11,571,147,587	10,961,040,778
<b>Non-current assets</b>			
Available-for-sale financial assets	IV(8)	1,279,387,994	1,094,350,488
Long-term receivables	IV(9)	136,075,412	128,640,631
Long-term equity investments	IV(10)	5,432,637,750	5,924,410,159
Investment properties	IV(11)	8,932,237	9,567,835
Fixed assets	IV(12)	41,814,685,521	44,330,167,621
Construction in progress	IV(13)	6,343,293,763	5,613,398,840
Construction materials		1,496,854	1,673,547
Fixed assets pending for disposal		4,304,229	3,475,384
Intangible assets	IV(14)	1,707,490,221	1,663,430,069
Goodwill	IV(15)	27,486,780	27,486,780
Long-term prepaid expenses	IV(16)	34,611,712	28,843,225
Deferred tax assets	IV(17)	303,929,269	116,237,351
Other non-current assets	IV(18)	2,011,524,431	2,017,211,435
<b>Total non-current assets</b>		59,105,856,173	60,958,893,365
<b>TOTAL ASSETS</b>		70,677,003,760	71,919,934,143



GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS'	Note	31 December 2016	31 December 2015
<b>Current liabilities</b>			
Short-term borrowings	IV(20)	5,758,860,000	6,288,060,000
Notes payable	IV(21)	1,330,480,837	593,971,146
Accounts payable	IV(22)	3,167,250,446	1,739,227,291
Advances from customers	IV(23)	12,456,360	244,798
Employee benefits payable	IV(24)	144,122,128	123,477,922
Taxes payable	IV(25)	326,919,844	404,729,354
Interests payable	IV(26)	83,648,793	105,492,698
Dividends payable	IV(27)	9,703,930	8,640,994
Other payables	IV(28)	3,292,556,995	3,536,133,625
Current portion of non-current liabilities	IV(29)	1,433,644,523	1,850,970,652
Provisions		-	700,000
Other current liabilities	IV(30)	1,723,070,000	1,711,348,630
<b>Total current liabilities</b>		<b>17,282,713,856</b>	<b>16,362,997,110</b>
<b>Non-current liabilities</b>			
Long-term borrowings	IV(31)	19,888,172,037	21,303,229,910
Debentures payable	IV(32)	1,900,124,468	1,196,029,762
Long-term payables	IV(33)	1,917,552,654	2,495,443,111
Payables for specific projects	IV(34)	26,675,385	24,711,974
Deferred income	IV(35)	125,650,072	103,256,725
Long-term employee benefits payable	IV(36)	122,832,249	85,827,126
Deferred tax liabilities	IV(17)	37,718,277	87,243,028
Other non-current liabilities	IV(37)	39,000,000	39,000,000
<b>Total non-current liabilities</b>		<b>24,057,725,142</b>	<b>25,334,741,636</b>
<b>Total liabilities</b>		<b>41,340,438,998</b>	<b>41,697,738,746</b>
<b>Owners' equity</b>			
Paid-in capital	IV(38)	5,250,283,986	5,250,283,986
Capital surplus	IV(39)	5,003,007,478	5,007,077,158
Other comprehensive income	IV(40)	145,059,015	245,708,715
Surplus reserves	IV(41)	6,845,001,818	5,812,191,775
Undistributed profits	IV(42)	6,135,494,928	7,439,335,347
Total equity attributable to equity		23,378,847,225	23,754,596,981
Minority interests		5,957,717,537	6,467,598,416
<b>Total owners' equity</b>		<b>29,336,564,762</b>	<b>30,222,195,397</b>
<b>TOTAL LIABILITIES AND</b>		<b>70,677,003,760</b>	<b>71,919,934,143</b>

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

Zhenhai Huang  
Legal representative

Xiaoqing Li  
Person in charge of accounting

Fei Meng  
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	31 December 2016 Company	31 December 2015 Company
<b>Current assets</b>			
Cash at bank and on hand		326,073,538	682,950,639
Accounts receivable	XV(1)	212,343,198	134,539,664
Advances to suppliers		79,990,745	115,303,150
Interests receivable		723,819	1,818,442
Dividends receivable		-	21,512,934
Other receivables	XV(2)	122,933,749	318,483,048
Inventories		149,462,926	141,559,999
Other current assets		25,650,427	10,508,362
<b>Total current assets</b>		917,178,402	1,426,676,238
<b>Non-current assets</b>			
Available-for-sale financial assets		1,279,387,994	1,094,350,488
Long-term receivables		335,000,000	100,000,000
Long-term equity investments	XV(3)	22,896,735,913	22,588,550,554
Investment properties		8,932,237	9,567,835
Fixed assets		1,049,906,014	1,217,618,892
Construction in progress		43,039,781	26,156,889
Intangible assets <sup>7</sup>		92,152,556	95,876,179
Other non-current assets		672,504,000	653,004,000
<b>Total non-current assets</b>		26,377,658,495	25,785,124,837
<b>TOTAL ASSETS</b>		27,294,836,897	27,211,801,075

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

<b>LIABILITIES AND OWNERS' EQUITY</b>	31 December 2016 Company	31 December 2015 Company
<b>Current liabilities</b>		
Short-term borrowings	300,000,000	900,000,000
Accounts payable	517,973,144	292,714,747
Employee benefits payable	31,813,417	30,063,156
Taxes payable	9,688,606	21,266,249
Interests payable	48,091,022	52,100,633
Dividends payable	9,703,930	8,640,994
Other payables	93,522,121	112,031,125
Other current liabilities	1,216,583,014	1,509,599,589
<b>Total current liabilities</b>	<u>2,227,375,254</u>	<u>2,926,416,493</u>
<b>Non-current liabilities</b>		
Long-term borrowings	1,500,000,000	1,500,000,000
Debentures payable	1,196,982,619	1,196,029,762
Deferred income	59,533,388	52,918,949
Long-term employee benefits payable	23,445,887	24,192,962
Deferred tax liabilities	12,508,093	54,572,001
<b>Total non-current liabilities</b>	<u>2,792,469,987</u>	<u>2,827,713,674</u>
<b>Total liabilities</b>	<u>5,019,845,241</u>	<u>5,754,130,167</u>
<b>Owners' equity</b>		
Paid-in capital	5,250,283,986	5,250,283,986
Capital surplus	5,605,752,163	5,609,821,843
Other comprehensive income	145,059,015	245,708,715
Surplus reserves	6,845,001,818	5,812,191,775
Undistributed profits	4,428,894,674	4,539,664,589
<b>Total Owners' equity</b>	<u>22,274,991,656</u>	<u>21,457,670,908</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<u>27,294,836,897</u>	<u>27,211,801,075</u>

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

Zhenhai Huang  
Legal representative

Xiaoqing Li  
Person in charge of accounting

Fei Meng  
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2016	2015
<b>Revenue</b>	IV(43)	22,681,120,022	25,723,810,816
Less: Cost of sales	IV(43)	(17,793,626,382)	(18,053,754,759)
Taxes and surcharges	IV(44)	(299,690,966)	(230,127,055)
Selling and distribution expenses		(2,807,165)	(1,839,453)
General and administrative expenses	IV(45)	(775,880,023)	(921,738,681)
Financial expenses – net	IV(46)	(1,369,698,178)	(1,581,536,918)
Asset impairment losses	IV(47)	(758,270,129)	(22,907,440)
Add: Investment income	IV(48)	341,364,663	801,398,115
Including: Share of profit of associate and joint venture		290,956,937	485,710,643
<b>Operating profit</b>		2,022,511,842	5,713,304,625
Add: Non-operating income	IV(49)	99,260,092	98,430,653
Including: Gain on disposal of non-current assets		17,252	2,053,224
Less: Non-operating expenses	IV(50)	(216,864,774)	(18,607,598)
Including: Losses on disposal of non-current assets		(3,740,573)	(10,075,720)
<b>Total profit</b>		1,904,907,160	5,793,127,680
Less: Income tax expenses	IV(51)	(618,844,889)	(1,162,984,273)
<b>Net profit</b>		1,286,062,271	4,630,143,407
Attributable to equity owners of the Company		936,534,941	3,237,733,312
Minority interests		349,527,330	1,392,410,095
<b>Other comprehensive income, net of tax</b>			
Attributable to equity owners of the Company		(100,649,700)	73,212,312
Other comprehensive income that will be subsequently reclassified to profit or loss			
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss		(439,064)	261,197
Changes in fair value of available-for-sale financial assets		(100,210,636)	72,951,115
<b>Total comprehensive income</b>		1,185,412,571	4,703,355,719
Attributable to equity owners of the Company		835,885,241	3,310,945,624
Attributable to minority interests		349,527,330	1,392,410,095
<b>Earnings per share</b>			
Basic earnings per share(RMB)	IV(52)	0.18	0.62
Diluted earnings per share(RMB)	IV(52)	0.18	0.62

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

Zhenhai Huang  
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Fei Meng  
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPANY INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2016 Company	2015 Company
<b>Revenue</b>	XV(4)	2,029,877,030	2,165,343,994
Less: Cost of sales	XV(4)	(1,648,261,528)	(1,618,676,768)
Taxes and surcharges		(21,983,992)	(18,406,421)
Selling and distribution expenses		(13,886)	(39,868)
General and administrative expenses		(133,031,153)	(161,485,630)
Financial expenses-net		(210,739,704)	(286,215,799)
Asset impairment losses		(85,722,207)	-
Add: Investment income	XV(5)	2,206,631,861	2,907,200,029
Including: Share of profit of associate and joint venture		286,517,653	480,914,756
<b>Operating profit</b>		2,136,756,421	2,987,719,537
Add: Non-operating income		8,132,110	23,817,223
Including: Gains on disposal of non-current assets		-	-
Less: Non-operating expenses		(755,930)	(8,385,896)
Including: Losses on disposal of non-current assets		(139,571)	(7,426,110)
<b>Total profit</b>		2,144,132,601	3,003,150,864
Less: Income tax expenses		(14,527,156)	(52,265,028)
<b>Net Profit</b>		2,129,605,445	2,950,885,836
<b>Other comprehensive income, net of tax</b>		(100,649,700)	73,212,312
Other comprehensive income that will be subsequently reclassified to profit or loss			
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss		(439,064)	261,197
Changes in fair value of available-for-sale financial assets		(100,210,636)	72,951,115
<b>Total comprehensive income</b>		2,028,955,745	3,024,098,148

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Fei Meng  
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPREHENSIVE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2016 Consolidated	2015 Consolidated
<b>1. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		25,046,349,439	30,520,140,122
Refund of taxes and surcharges		5,548,556	14,443,818
Cash received relating to other operating activities	IV(54)(a)	175,522,880	137,082,635
<b>Sub-total of cash inflows</b>		<u>25,227,420,875</u>	<u>30,671,666,575</u>
Cash paid for goods and services		(11,718,985,740)	(14,057,756,199)
Cash paid to and on behalf of employees		(1,784,621,548)	(1,808,136,239)
Payments of taxes and surcharges		(2,542,268,475)	(3,896,301,670)
Cash paid relating to other operating activities	IV(54)(b)	(476,769,294)	(467,035,322)
<b>Sub-total of cash outflows</b>		<u>(16,522,645,057)</u>	<u>(20,229,229,430)</u>
<b>Net cash flows from operating activities</b>	IV(55)(a)	<u>8,704,775,818</u>	<u>10,442,437,145</u>
<b>2. Cash flows from investing activities</b>			
Cash received from disposal of investments		-	448,768,620
Cash received from return on investments		513,955,425	612,292,965
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		20,778,986	4,049,408
Net cash received from acquisition of subsidiaries and other business units		-	52,028,777
<b>Sub-total of cash inflows</b>		<u>534,734,411</u>	<u>1,117,139,770</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(3,315,903,498)	(5,363,878,048)
Cash paid to acquire minority interests		-	(92,453,008)
<b>Sub-total of cash outflows</b>		<u>(3,315,903,498)</u>	<u>(5,456,331,056)</u>
<b>Net cash flows used in investing activities</b>		<u>(2,781,169,087)</u>	<u>(4,339,191,286)</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPREHENSIVE CASH FLOW STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2016 Consolidated	2015 Consolidated
<b>3. Cash flows from financing activities</b>			
Cash received from capital contributions		74,802,100	39,000,000
Cash received from borrowings		9,944,710,691	21,628,567,512
Cash received from issuing debentures and short-term financing notes		2,397,375,000	1,697,712,500
Cash received relating to other financing activities	IV(54)(c)	90,021,217	1,984
<b>Sub-total of cash inflows</b>		<u>12,506,909,008</u>	<u>23,365,281,996</u>
Cash repayments of borrowings		(14,079,473,947)	(24,313,422,024)
Cash payments for distribution of dividends, profits or interest expenses		(3,627,200,214)	(4,028,946,933)
Cash paid for finance leases resulting from sale and leaseback		(766,374,653)	(376,629,487)
Cash paid for minority interests for capital reduction of subsidiaries		-	(50,400,000)
<b>Sub-total of cash outflows</b>		<u>(18,473,048,814)</u>	<u>(28,769,398,444)</u>
<b>Net cash flows used in financing activities</b>		<u>(5,966,139,806)</u>	<u>(5,404,116,448)</u>
<b>4. Net (decrease)/increase in cash and cash equivalents</b>			
	IV(55)(a)	(42,533,075)	699,129,411
Add: Cash and cash equivalents at beginning of year		<u>5,227,406,725</u>	<u>4,528,277,314</u>
<b>5. Cash and cash equivalents at end of year</b>	IV(55)(b)	<u>5,184,873,650</u>	<u>5,227,406,725</u>

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

Zhenhai Huang  
Legal representative

Xiaoqing Li  
Person in charge of accounting

Fei Meng  
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPANY CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts in RMB Yuan unless otherwise stated)

Item	2016 Company	2015 Company
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	2,297,109,979	2,626,251,815
Cash received relating to other operating activities	24,560,463	28,738,089
<b>Sub-total of cash inflows</b>	<u>2,321,670,442</u>	<u>2,654,989,904</u>
Cash paid for goods and services	(1,170,875,526)	(1,153,128,204)
Cash paid to and on behalf of employees	(350,301,726)	(386,460,091)
Payments of taxes and surcharges	(207,700,042)	(283,379,618)
Cash paid relating to other operating activities	(50,621,481)	(64,921,710)
<b>Sub-total of cash outflows</b>	<u>(1,779,498,775)</u>	<u>(1,887,889,623)</u>
<b>Net cash flows from operating activities</b>	<u>542,171,667</u>	<u>767,100,281</u>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	300,000,000	1,368,368,620
Cash received from returns on investments	2,401,308,751	2,776,757,775
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	54,914	180,482
<b>Sub-total of cash inflows</b>	<u>2,701,363,665</u>	<u>4,145,306,877</u>
Cash paid to acquire investments	(1,192,880,000)	(2,111,357,008)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(88,163,938)	(124,175,374)
<b>Sub-total of cash outflows</b>	<u>(1,281,043,938)</u>	<u>(2,235,532,382)</u>
<b>Net cash flows from investing activities</b>	<u>1,420,319,727</u>	<u>1,909,774,495</u>
<b>3. Cash flows from financing activities</b>		
Cash received from borrowings	1,000,000,000	2,550,000,000
Cash received from issuing debentures and short-term financing notes	1,198,650,000	1,498,312,500
Cash received relating to other financing activities	21,217	1,984
<b>Sub-total of cash inflows</b>	<u>2,198,671,217</u>	<u>4,048,314,484</u>
Cash repayments of borrowings	(3,100,000,000)	(5,199,999,300)
Cash payments for distribution of dividends, profits or	(1,418,039,712)	(1,250,473,122)
<b>Sub-total of cash outflows</b>	<u>(4,518,039,712)</u>	<u>(6,450,472,422)</u>
<b>Net cash flows used in financing activities</b>	<u>(2,319,368,495)</u>	<u>(2,402,157,938)</u>
<b>4. Net (decrease)/increase in cash and cash equivalents</b>	<u>(356,877,101)</u>	<u>274,716,838</u>
Add: Cash and cash equivalents at beginning of year	682,950,639	408,233,801
<b>5. Cash and cash equivalents at end of year</b>	<u>326,073,538</u>	<u>682,950,639</u>

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

Zhenhai Huang  
Legal representative

Xiaoqing Li  
Person in charge of accounting

Fei Meng  
Head of accounting department



GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

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

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

	Attributable to the equity owners of the Company						Total owners' equity
	Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Minority interests	
Balance at 1 January 2015	4,375,236,655	4,998,433,067	172,496,403	4,810,903,365	6,952,985,107	6,474,165,112	27,784,219,709
Movements for the year 2015							
Total Comprehensive income	-	-	73,212,312	-	3,237,733,312	1,392,410,095	4,703,355,719
Capital contribution and withdrawal by owners	-	-	-	-	-	(50,400,000)	(50,400,000)
Profit distribution							
Appropriation to surplus reserves	-	-	-	1,001,288,410	(1,001,288,410)	-	-
Distribution for owners	875,047,331	-	-	-	(1,750,094,662)	(1,250,162,971)	(2,125,210,302)
Share of equity in associates based on shareholding	-	2,681,295	-	-	-	-	2,681,295
Capital surplus due to acquisition of minority interests	-	5,960,812	-	-	-	(98,413,820)	(92,453,008)
Others	-	1,984	-	-	-	-	1,984
Balance at 31 December 2015	5,250,283,986	5,007,077,158	245,708,715	5,812,191,775	7,439,335,347	6,467,598,416	30,222,195,397

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

Zhenhai Huang  
Legal representative

Xiaoqing Li  
Person in charge of accounting

Fei Meng  
Head of accounting department

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

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

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

	Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Undistributed profits	Total owners' equity
Balance at 1 January 2015	4,375,236,655	5,607,138,564	172,496,403	4,810,903,365	4,340,161,825	19,305,936,812
Movements for the year						
Total Comprehensive income	-	-	73,212,312	-	2,950,885,836	3,024,098,148
Profit distribution						
Appropriation to surplus reserves	-	-	-	1,001,288,410	(1,001,288,410)	-
Distribution for owners	875,047,331	-	-	-	(1,750,094,662)	(875,047,331)
Share of equity in associates based on shareholding	-	2,681,295	-	-	-	2,681,295
Others	-	1,984	-	-	-	1,984
Balance at 31 December 2015	5,250,283,986	5,609,821,843	245,708,715	5,812,191,775	4,539,664,589	21,457,670,908

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

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# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### I General information

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

The Company’s issuing RMB ordinary shares (“A-share”) and domestic listed foreign shares (“B-share”) are listed for transactions in Shenzhen Stock Exchange respectively on 26 November 1993 and 28 June 1995. As at 31 December 2016, the total share capital of the Company is RMB 5,250,283,986 with par value of RMB 1 each.

The Company and its subsidiaries (the “Group”) are principally engaged in the businesses of developing and operating electric power plants in Guangdong Province, the PRC. For the information of subsidiaries of the Company, please refer to Note VI.

The financial statement has been approved for issue by the Company’s Board of Directors on 24 April 2017.

### II Summary of significant accounting policies and account estimates

The preparation of financial statements requires the use of certain accounting estimates, which involve the estimates in the criteria for determining impairment for available-for-sale equity instruments (Note II (9)), the depreciation of fixed assets (Note II (14)), impaired long-term assets (Note II (19)), and recognition of deferred income taxes (Note II (25)), etc.

Critical judgement for determining significant accounting policies by the Group are listed Note II(28).

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (1) Basis of preparation

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

As at 31 December 2016, the Group’s net current liabilities amounted to RMB 5.712 billion. The Group is committed to a capital expenditure of RMB 3.380 billion in the coming year. As such, it is exposed to liquidity risk to some extent.

The reason for net current liabilities is a portion of the Group’s capital expenditure is backed by short-term borrowings and funds in hand. Management level of the Company plan to take following measures to ensure the Group continue to obtain sufficient operating funds to repay debts due in 12 months starting 31 December 2016. Therefore, the financial statements have been prepared on the basis of going concern:

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

(b) The Group maintains good relations of long-term cooperation with financial institutions (including the Company’s associate Guangdong Yudean Finance Co., Ltd. (“Yudean Finance”)) in order to obtain sufficient financing credit lines. As at 31 December 2016, the Group is granted about RMB 19.191 billion available line of credit from financial institutions, among which about RMB 7.737 billion from Yudean Finance and about RMB 11.454 billion from other commercial banks.

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

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

The financial statements of the Company for the year ended 31 December 2016 are in compliance with the *Accounting Standards for Business Enterprises*, and truly and completely present the financial position of the Consolidated and the Company as at 31 December 2016 and of their financial performance, cash flows and other information for the year then ended.

#### (3) Accounting year

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

#### (4) Recording currency

The recording currency is Renminbi.

#### (5) Business combinations

##### (a) Business combinations involving enterprises under common control

The consideration the combining party paid for the combination and the carrying amount of the net assets obtained are measured at carrying amount. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination is adjusted to share premium (capital premium) in the capital reserve. If the balance of share premium (capital premium) is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination are recognized in profit or loss for the current period when occurred. The transaction costs of issuing equity or debt securities for business combinations.

##### (b) Business combinations not involving enterprises under common control

The acquirer's combining costs and the identifiable net assets obtained at the acquisition date are measured at fair value. If the combining costs are greater than the fair value of identifiable net assets at the acquisition date, the difference is recognized as goodwill; if the combining costs are less than the fair value of identifiable net assets at the acquisition date, the difference is recognized in profit or loss for the current period. The direct acquisition-related costs arising from the business combination are recognized as expenses in the periods in which the costs are incurred. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (6) Preparation of consolidated financial statements

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

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

In the preparation of consolidated financial statements, if the accounting policies or accounting period among the Company and subsidiaries are inconsistent, the financial statements of subsidiaries have been adjusted to conform to the Company's policies and accounting period. For business combination not obtained under common control, the financial statements have been adjusted based on the fair value of net recognisable asset on the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive incomes attributed to minority interests and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. When the Company sells assets to subsidiaries, the unrealised gains and losses should fully offset the net profit attributed to shareholders of the parent company; when subsidiaries sell assets to the Company, the unrealised gains and losses should be assigned and offset between the net profit attributed to shareholders of the parent company and minority interests according to the Company's distribution ratio of the subsidiary. The unrealised gains and losses between subsidiaries should be assigned and offset between the net profit attributed to shareholders of the parent company and minority interests according to the parent company's distribution ratio of the subsidiary.

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



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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

#### (8) Foreign currency transactions

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

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

#### (9) Financial instruments

##### (a) Financial assets

##### (i) Classification of financial assets

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

##### Receivables

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

##### Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories.

### II Summary of significant accounting policies and account estimates(continued)

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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- (9) Financial instruments(continued)
- (a) Financial assets(continued)
- (ii) Recognition and measurement

Financial assets are recognized at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs occurred at the time of acquisition is recognized in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

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

Gain or loss arising from a change in fair value of an available-for-sale financial asset is recognized directly in equity, except for impairment losses and foreign exchange gains and losses arising from the translation of monetary financial assets. When such financial asset is derecognized, the cumulative gain or loss previously recognized directly in equity is recycled into profit or loss for the current period.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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II Summary of significant accounting policies and account estimates(continued)

(9) Financial Instruments(continued)

(a) Financial assets(continued)

(iii) Impairment of financial assets(continued)

The objective evidence, of which provided for available-for-sale equity instruments being impaired, includes an investment in an equity instrument with serious or prolonged decline. The Group assesses available-for-sale equity instruments at each balance sheet date on an individual basis. If the fair value of equity instruments is less than its initial investment cost of more than 50% (inclusive), or less than its initial investment cost for more than one year (inclusive), it indicates that the equity instruments are impaired. If the fair value of equity instruments is less than its initial investment cost of more than 20% ( inclusive) to 50% (exclusive), the Group will consider other relevant factors to judge that whether equity instruments are impaired. The Group calculates the initial investment cost of initial available-for-sale equity instruments investment using the weighted average method.

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

When an impairment loss on an available-for-sale financial asset has incurred, the difference between the present value of the discounted cash flow of its book value and market return on a similar financial asset is recognised as impairment loss, and recorded in current profit or loss. Recognised impairment loss cannot be reversed in subsequent periods.

(iv) Derecognition of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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II Summary of significant accounting policies and account estimates(continued)

(9) Financial Instruments(continued)

(b) Financial liabilities

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

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

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

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

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

(c) Determination of the fair value of the financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis, etc. When a valuation technique is used to establish the fair value of a financial instrument, it makes the maximum use of observable market inputs and relies as little as possible on entity-specific inputs. When the observable inputs are not available or are unrealistic to obtained, unobservable inputs shall be used

(10) Receivables

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

II Summary of significant accounting policies and account estimates(continued)

(10) Receivables(continued)

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

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

The criteria for determining “individually significant” amounts are top five accounts receivable in amount, any other receivables with an individual amount more than RMB 5,000,000, and all long-term receivables.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

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

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

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

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

The Group's receivables mainly comprise receivables due from Guangdong Power Grid ("GPC") and from the Group's related parties, as well as government grants. According to historical experience and impairment tests made on an individual basis, the Group's undue receivables were considered to be portfolios with low credit risk, and thus the Group did not provide allowance for doubtful accounts on these customer portfolios.

- (11) Inventories

- (a) Classification

Inventories include fuel and spare parts measured at the lower of cost and net realisable value.

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (11) Inventories(continued)

##### (b) Cost of inventories transferred out

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

##### (c) Basis for determining the net realisable value of inventories and provisioning methods for decline in value of inventories

Any excess of the cost over the net realisable value of inventories is recognised as a provision for diminution in the value of inventories. Net realisable value is measured by the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes.

##### (d) The Group maintains a perpetual inventory system.

#### (12) Long-term equity investments

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

Subsidiaries are the investees over which the Company is able to exercise control. Associates are the investees over which the Group has significant influence, but not control, on their financial and operating policies.

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

##### (a) Determination of investment cost

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (12) Long-term equity investments(continued)

##### (a) Determination of investment cost(continued)

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: if the long-term equity investments are acquired in cash, the initial investment cost shall be the purchase price actually paid; if the long-term equity investments are acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities.

##### (b) Subsequent measurement and recognition of related profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

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

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (12) Long-term equity investments(continued)

##### (b) Subsequent measurement and recognition of related profit and loss(continued)

For long-term equity investments accounted for using the equity method, the Group recognises the investment income or losses according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. The Company shall adjust the carrying amount of the long term investment for other changes in shareholders' equity of the investee (other than net profits or losses), and include the corresponding adjustment in shareholders' equity. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

##### (c) Basis for determining existence of control and significant influence over investees

Control is the power to govern the investee so as to obtain variable returns by participating in the related business activities of the investees and the ability to affect the returns by exercising its power over the investees.

Joint control is the contractually agreed sharing of control over an investee's economic activities, and exists only when the strategic financial and operating decisions relating to the activities require the unanimous consent of the Group and the parties sharing the control.

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

##### (d) Impairment of long-term equity invest

The carrying amount of long-term equity investments in subsidiaries, joint venture, and associates is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note II (19)).

### II Summary of significant accounting policies and account estimates(continued)

#### (13) Investment properties

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



# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset at the date of the transfer. The carrying amount of the fixed asset shall be measured on the basis of fair value of the investment property.

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

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

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (14) Fixed assets

##### (a) Recognition and initial measurement of fixed assets

Fixed assets comprise plant and building, power generator equipment, motor vehicles and other equipment.

Fixed asset is recognised when it is probable that the related economic benefits will flow to the Group and its cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets injected by the state-owned shareholder during the restructuring of corporation were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the economic benefits associated with the fixed asset will flow to the Group and the costs can be reliably measured. The carrying amount of those parts that are replaced is derecognised and all the other subsequent expenditures are recognised in income statement when they are incurred.

##### (b) Depreciation methods of fixed assets

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

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Plant and building	10 - 50 years	0% - 10%	1.80% - 10.00%
Power equipment	6 - 31 years	0% - 10%	2.90% - 16.67%
Motor vehicles	5 - 10 years	0% - 10%	9.00% - 20.00%
Other equipment	5 - 25 years	0% - 10%	3.60% - 20.00%

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

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

### II Summary of significant accounting policies and account estimates(continued)

#### (14) Fixed assets(continued)

##### (d) Recognition and measurement of fixed asset under finance lease

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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The lease that essentially transfers all the risks and returns related to the ownership of the asset is classified as finance lease. The entry value of the fixed assets under finance lease the lower of its fair value and the present value of the minimum lease payments. The difference between the entry value of the fixed asset under finance lease and the present value of the minimum lease payment is recognised as unrecognised financing charges (Note II(26)(b)).

Fixed assets under finance lease share the same depreciation method with company owned fixed assets. If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

(e) Disposal of fixed assets

The carrying amount of a fixed asset is derecognized when the fixed asset is on disposal or when no future economic benefit is expected to be generated from its use or disposal. Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

(15) Construction in progress

Construction in progress is measured at its actual costs incurred. Actual costs include construction cost, installation cost, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use. When the construction in progress is ready for its intended use, it is transferred to fixed assets and starts depreciation the following month. When recoverable amount of the construction in progress is lower than its carrying value, its carrying value is then reduced to the recoverable amount. (see Note II (19)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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II Summary of significant accounting policies and account estimates(continued)

(16) Borrowing costs

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

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (17) Intangible assets

Intangible assets mainly including land use rights, sea use rights, software, associated projects for electricity transmission and transformation, microwave engineering and transportation engineering are measured at cost. Intangible assets contributed by the state-owned shareholders at the incorporation of a limited company are initially recorded at the valuation amount recognised by the state-owned assets supervision and administration department.

##### (a) Land use right and sea use right

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

Sea use rights are amortised on a straight-line basis over their approved period of 50 years.

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

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

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

##### (c) Other intangible assets

Besides land use right, sea use right, associated projects for electricity transmission and transformation, microwave engineering and transportation engineering, other intangible assets are amortized on a straight-line basis over their expected life of 2 years to 25 years.

##### (d) Periodic review on useful life and method of amortisation

For intangible assets with finite useful life, their expected life and amortisation method are reviewed and adjusted at the end of every year.

##### (e) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note II(19)).

### II Summary of significant accounting policies and account estimates(continued)

#### (18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current

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and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(19) Impairment of long-term assets

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (20) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits and termination benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

##### (a) Short-term remunerations

Short-term remunerations mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds, short-term paid absence. Short-term remunerations are recognised as current liabilities in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable. Non-monetary benefits are measured at fair value.

##### (b) Post-employment benefits

The Company's post-employment benefits scheme includes both Defined Contribution Plan (DCP) and Defined Benefit Plan (DBP). A DCP is a pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A DBP is a pension plan that is not a defined contribution plan. During the periods of reporting, the Company's post-employment benefits scheme mainly includes basic pension insurance and unemployment insurances, both of which are DCP.

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II Summary of significant accounting policies and account estimates(continued)

(20) Employee benefits(continued)

(b) Post-employment benefits(continued)

Basic pension insurance

Employees of the Group have entered into the social pension insurance scheme organised by local labour and social security department. The Group pays basic pension insurances to local labour and social security department monthly according to local insurance base and corresponding rate. Local labour and social security department is obligated to pay basic pensions to retired employees.

Supplementary pension insurance

The company purchases supplementary pension insurance on behalf of employees, and pays pension insurances according to the policies of Yudean Group.

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

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to the restructuring that involves the payment of termination benefits.



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II Summary of significant accounting policies and account estimates(continued)

(20) Employee benefits(continued)

(c) Termination benefits(continued)

Early retirement benefits

The Group provides early retirement benefits for employees who enrolled in internal retirement arrangement. Early retirement benefits refer to wages and social benefit paid by the Group on behalf of the employees who have not meet retirement age requirement but voluntarily retire after permission from the Group's management level. The Group starts paying early retirement benefits to early retired employees from the start date of their early retirement until they reach the statutory retirement age. For the accounting treatment of early retirement benefits, the Group adopts the same method as termination benefits, that is, upon confirming the termination benefits comply with relevant conditions, proposed payment of early retirement wages, and social security from the start date of termination of services to the date of statutory retirement age are recognised as liability and recorded into profit and loss at lump sum. The discrepancy caused by change in actuarial assumption and adjustment of welfare standard is recorded into current profit or loss.

Early retirement benefits that are expected to be paid within one year after balance sheet date are disclosed as current liabilities.

(21) Dividend distribution

Cash dividends distribution is recognised as a liability in the period in which the dividends are approved by the shareholders' meeting.

(22) Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation such as product warranty and loss contract, etc., that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, considered factors such as risks and uncertainties related to contingencies, and time value of money, etc. Where the time value of money is material, provisions are stated at the discounted value of estimated future cash flow. Increase in the book value of the provision caused by discounted reduction over time is recognised as interest expense.

The carrying amounts of provisions are reviewed at each balance sheet date and adjusted based on the latest best estimates.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (22) Provisions(continued)

Provisions that are expected to be paid within one year after balance sheet date are disclosed as current liabilities.

#### (23) Revenue recognition

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

Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

##### (a) Revenue from sales of electricity and heat energy

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

##### (b) Revenue from sales of by-products

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

##### (c) Rendering of services

Revenue from rendering of services is measured at the fair value of the consideration received or receivable under the contract or agreement.

The Group provides external bidding agency service and maintenance service.

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

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

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### II Summary of significant accounting policies and account estimates(continued)

#### (23) Revenue recognition(continued)

##### (d) Revenue from sale of certified emission reductions (CERs)

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

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

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

##### (e) Transfer of asset usage rights

Interest income is recognised based on the length of time of the deposits or principal outstanding and the applicable effective interest rate.

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

#### (24) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. Situations where government grant is monetary asset, it is measured at the amount received or receivable. When the government grant is non-monetary asset, it is measured according to fair value; situations where fair value of the grant cannot be reliably measured, the grant is measured at its nominal value.

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II Summary of significant accounting policies and account estimates(continued)

(24) Government grants(continued)

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

Government grants related to assets will be recorded as deferred income and recognised evenly in profit or loss over the useful lives of the related assets. However, the government grants measured at their nominal amounts will be directly recorded in profit and loss for the current period.

Government grants related to income will be recorded as deferred income and recognised in profit or loss in the period in which the related expenses are recognised if the grants are intended to compensate for future expenses or losses, and otherwise recognised in profit or loss for the current period if the grants are used to compensate for expenses or losses that have been incurred.

(25) Deferred tax asset and deferred tax liability

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

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

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

II Summary of significant accounting policies and account estimates(continued)

(25) Deferred tax asset and deferred tax liability(continued)

Deferred tax assets and liabilities are offset when:

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

(26) Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

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(a) Operating lease

Operating lease expenses are recorded in relevant cost of capital or current profit or loss according to straight-line method over the lease period.

Operating lease revenue are recognised according to straight-line method over the lease period.

(b) Finance lease

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. The difference between the fair value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The minimum lease payment net of unrecognised finance charges are disclosed as long-term payable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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II Summary of significant accounting policies and account estimates(continued)

(27) Segment reporting

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

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

(28) Critical accounting estimates and judgments

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

(a) Impairment of assets other than inventories and financial assets

As described in Note II (19), the Group tests for impairment for assets that have indication of impairment as at balance sheet date, including fixed assets, construction in progress, intangible assets with finite useful life, investment properties measured at cost, and long-term equity investment in subsidiaries, joint venture, and associates, etc.

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II Summary of significant accounting policies and account estimates(continued)

(28) Critical accounting estimates and judgments(continued)

(a) Impairment of assets other than inventories and financial assets(continued)

When judging whether there is evidence of impairment in the above assets, management assesses and analyses the following: (1) whether any event that causes impairment has occurred; (2) whether the estimated available present value of cash flows from continual use or disposal of assets is lower than the carrying value of the asset; and (3) whether the assumptions used for the estimated present value of future cash flows are appropriate.

The Group adopted assumptions in determining whether assets are impaired. Any changes in the discounted rate and growth rate used in calculating the present value of future cash flows may significantly affect the present value used in the impairment test, resulting in the impairment of the above long-term assets.

(b) Useful lives of plants, buildings and equipment

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

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

(c) Income tax

The decision whether to recognise deferred tax assets arising from deductible tax losses and deductible temporary differences depends largely on management's judgement as to whether sufficient future taxable profits will be available against which the assets can be utilised in the future periods. The calculation of future taxable profits involves much judgements and estimations, and is affected by the Group's tax planning strategy and overall economic environment. Different judgements and estimates will affect the recognition of deferred tax assets and their recognised amounts.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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II Summary of significant accounting policies and account estimates(continued)

(28) Critical accounting estimates and judgments(continued)

(d) Deferred tax assets

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

III Main taxation items and applicable tax rates

(1) The main taxation items and applicable tax rates for the Group are as follows:

Taxation items	Tax basis	Tax rates
Value-added tax (“VAT”) (a)	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of current period)	3%, 6%, 13%, and 17%
Business tax (a)	Taxable turnover amount	3% or 5%
City maintenance and construction tax	Amount of VAT, business tax and consumption tax paid	5% - 7%
Education surcharges	Based on business tax and VAT paid	3%
Local education surcharges	Based on business tax and VAT paid	2%
Corporate income tax(b)	Taxable income	12.5% and 25%

(a) According to the *Notice on Tax Policy Concerning Nationwide Implementation of Fully open the Business Tax reform VAT Pilot* and relevant regulations by Ministry of Finance and State Taxation Administration (Notice Caishui [2016] No. 36) , starting 1 May 2016, the Group’s revenue from electric power overhaul, loan interest, and leasehold of real estate are applicable for VAT, with tax rates 17%, 6%,and 17% respectively. Those businesses are applicable for business tax prior to 1 May 2016, with tax rates 3%, 5%, and 5% respectively.

(b) Except for the subsidiaries Guangdong Yudean Xuwen Wind Power Electricity Co., Ltd. (“Xuwen Wind Power”) and Guangdong Yudean Dianbai Wind Power (“Dianbai Wind Power”) (see Note III (2)), the applicable tax rate for the Company and its subsidiaries is 25%.



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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### III Main taxation items and applicable tax rates(continued)

#### (2) Tax preferential and approvals

Pursuant to the approval documents (Caishui [2008] No.46 and Guo Shui Fa [2009] No.80), Xuwen Wind Power is exempted from paying corporate income tax in the first three years counting from the year profits are recorded, and can enjoy half rate reduction in the following three years. As the local taxation bureau considered that Xuwen Wind Power posted profits for the first time in 2012, the applicable corporate income tax rate for Xuwen Wind is 12.5% in 2016 (2015: 12.5%).

Pursuant to the approval documents (Cai Shui [2008] No.46 and Guo Shui Fa [2009] No.80), Dianbai Wind Power is exempt from paying corporate income tax in the first three years counting from the year profits are recorded, and can enjoy half rate reduction in the following three years. As the local taxation bureau considered that Dianbai Wind Power posted profits for the first time in 2016, the applicable corporate income tax rate for Dianbai Wind is 0% in 2016 (2015: 25%).

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

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IV Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2016	31 December 2015
Cash on hand	49,457	78,223
Deposits with bank	385,820,099	779,724,597
Deposits with Yudean Finance (b)	4,799,004,094	4,447,603,905
Other monetary funds (c)	-	10,000,000
	<u>5,184,873,650</u>	<u>5,237,406,725</u>

(a) As at 31 December 2016, the Group has no offshore deposit. (31 December 2015: nil)

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

(c) As at 31 December 2016, the Group has no restricted deposit (31 December 2015: The Group's other monetary funds are used as security deposit for bank acceptance).

(2) Accounts receivable

	31 December 2016	31 December 2015
Accounts receivable	2,776,061,909	2,484,683,890
Less: Provision for bad debts	-	-
	<u>2,776,061,909</u>	<u>2,484,683,890</u>

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

	31 December 2016	31 December 2015
Within 1 year (inclusive)	2,774,635,805	2,484,683,890
1 to 2 years (inclusive)	1,426,104	-
	<u>2,776,061,909</u>	<u>2,484,683,890</u>

As at 31 December 2016 and 31 December 2015, basing on the analysis of financial conditions and credit records on customers, the accounts receivable aged between one and two years are expected to be fully recovered with no impairment, therefore impairment loss is not separately recognized. As for other accounts receivable aged within one year are mainly sales volume for electric power which have been recovered after date and therefore no risk of impairment.

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IV Notes to the consolidated financial statements(continued)

(2) Accounts receivable(continued)

(b) Accounts receivable by category is as follows:

	31 December 2016				31 December 2015			
	Book Value		Provision for bad debts		Book Value		Provision for bad debts	
	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)
Individually significant and assessed individually for impairment	2,728,506,320	98.29%	-	-	2,464,272,746	99.18%	-	-
Individually insignificant but assessed individually for impairment	47,555,589	1.71%	-	-	20,411,144	0.82%	-	-
	<u>2,776,061,909</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>	<u>2,484,683,890</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>

(c) Five largest accounts receivable by debtor as at 31 December 2016

Company name	Relationship with the company	Amount	Provision for bad debts	Percentage of total accounts receivable (%)
Guangdong Power Grid Co., Ltd.	Third party	2,580,336,505	-	92.95%
Shenzhen Power Supply Bureau	Third party	88,750,938	-	3.20%
Guangdong Yudean Group Co., Ltd. Shajiao Power Plant C("Shajiao C")	Related party	26,500,702	-	0.96%
GPGC – Zhanjiang Power Supply Bureau	Third party	22,510,541	-	0.81%
GPGC – Jieyang Power Supply Bureau	Third party	10,407,634	-	0.37%
		<u>2,728,506,320</u>	<u>-</u>	<u>98.29%</u>

(d) There is no accrual, recovery, or reversal of provision for bad debts for 2016, and no write-off for accounts receivable. (2015: nil)

(e) As at 31 December 2016, the Group's accounts receivable with carrying amount of RMB 316,986,314 (31 December 2015: RMB 498,786,073) and the on-grid power tariff collection right were pledged to banks to obtain long-term borrowings of RMB 2,537,296,396, including RMB 184,196,290 due within one year (31 December 2015: RMB 2,526,301,960 (RMB 70,645,920 of which was due within one year)) (see Notes IV29(a), 31(a)).

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IV Notes to the consolidated financial statements(continued)

(3) Advances to suppliers

(a) The ageing analysis of advances to suppliers is as follows:

	31 December 2016		31 December 2015	
	Amount	Percentage(%)	Amount	Percentage(%)
Within 1 year (inclusive)	1,062,290,930	99.76%	1,061,957,143	99.84%
1 to 2 years (inclusive)	1,680,510	0.16%	264,229	0.02%
2 to 3 years (inclusive)	68,229	0.01%	457,834	0.04%
Over 3 years	782,453	0.07%	1,022,424	0.10%
	<u>1,064,822,122</u>	<u>100.00%</u>	<u>1,063,701,630</u>	<u>100.00%</u>

As at 31 December 2016, the advances to suppliers of significant amounts with ageing over one year of RMB 2,531,192 (31 December 2015: RMB 1,744,487) mainly are prepayments for spare parts and materials.

(b) Five largest balances of prepayments by debtor as at 31 December 2016

	Amount	Percentage(%)
Total of the five largest balances	<u>997,602,924</u>	<u>93.69%</u>

(4) Interests receivable

	31 December 2016	31 December 2015
Interests receivable from fixed term deposit	<u>16,681,118</u>	<u>10,232,658</u>

(5) Other receivables

	31 December 2016	31 December 2015
By-product sales	66,823,439	94,220,368
Petty cash	24,005,804	9,263,643
Prepayments for construction	20,197,811	30,660,145
Government grants	4,226,820	32,485,261
Others	24,669,780	28,635,154
	<u>139,923,654</u>	<u>195,264,571</u>
Less: Provision for bad debts	<u>(6,423,698)</u>	<u>(6,365,291)</u>
	<u>133,499,956</u>	<u>188,899,280</u>

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IV Notes to the consolidated financial statements(continued)

(5) Other receivables(continued)

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

	31 December 2016	31 December 2015
Within 1 year	104,484,177	161,748,873
1 to 2 years	6,717,747	1,812,363
2 to 3 years	1,061,690	5,323,449
Over 3 years	27,660,040	26,379,886
	<u>139,923,654</u>	<u>195,264,571</u>

The ageing is counted starting from the date when other receivables are recognized.

As at 31 December 2016, the Group's others receivables with the amount of RMB 25,898,935 (31 December 2015: RMB 27,150,407) have been overdue. While basing on the analysis of financial conditions and credit records on debtors, the Group is concerned that this part are able to be recovered with no existence of impairment so that impairment loss is not separately recognized. The analysis of this part is as follows:

	31 December 2016	31 December 2015
1 to 2 years	5,476,603	1,812,363
2 to 3 years	473,906	2,519,808
Over 3 years	19,948,426	22,818,236
	<u>25,898,935</u>	<u>27,150,407</u>

(b) Other receivables by category:

	31 December 2016				31 December 2015			
	Book Value		Provision for bad debts		Book Value		Provision for bad debts	
	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)
Individually significant and assessed individually for impairment	85,142,409	60.85%	-	-	138,170,845	70.76%	-	-
Individually	54,781,245	39.15%	(6,423,698)	11.73%	57,093,726	29.24%	(6,365,291)	11.15%

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insignificant  
but assessed  
individually  
for  
impairment

	100.00				100.00		
139,923,654	%	(6,423,698)	4.59%	195,264,571	%	(6,365,291)	3.26%

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IV Notes to the consolidated financial statements(continued)

(5) Other receivables(continued)

(c) Addition, recovery or reversal, and write-off for provision of bad debts during 2016

	31 December 2016	31 December 2015
Beginning balance of the year	(6,365,291)	(6,383,754)
Additions during the year	(58,407)	(2,327)
Recovery or reversals for the year	-	20,790
Ending balance of the year	<u>(6,423,698)</u>	<u>(6,365,291)</u>

(d) Five largest balances of other receivables by debtor as at 31 December 2016 are as follows:

	Nature	Balance at end of the year	Ageing	Percentage of other receivables in total	Provision for bad debts at the end of the year
Guangdong Yudean Environmental Protection Co., Ltd.	By-product sales	66,823,439	Within 1 year	47.76%	-
Huidong Finance Bureau	Advances for land	18,318,970	Over 3 years	13.09%	-
Huilai Country Office, State Administration of Taxation	Tax refunds	3,552,077	Within 1 year	2.54%	-
Shanwei Yuehong Investing Co., Ltd.	Advances for rent and utilities	2,892,900	Within 1 year	2.07%	-
Huilai Xincheng Industrial Co., Ltd.	Rental deposit	2,892,766	Within 1 year	2.07%	-
		<u>94,480,152</u>		<u>67.53%</u>	<u>-</u>

(e) As at 31 December 2016, the analysis of the Group's receivables of government grants is as follows:

Name of government grant	Closing balance	Ageing	Expected date of receipt, amount and basis of the grant
Huilai Country Office, State Administration of Taxation	3,552,077	Within 1 year	Expected to be fully recovered in June 2017
Xuwen Country Office, State Administration of Taxation	674,743	Within 1 year	Expected to be fully recovered in June 2017
	<u>4,226,820</u>		

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IV Notes to the consolidated financial statements(continued)

(6) Inventories

(a) Inventories by category:

	31 December 2016			31 December 2015		
	Book value	Provision for decline in the value of inventories	Carrying value	Book value	Provision for decline in the value of inventories	Carrying value
Fuel	806,132,327	-	806,132,327	617,225,212	-	617,225,212
Spare parts	739,267,517	(59,602,850)	679,664,667	762,897,800	(62,309,494)	700,588,306
Others	27,356,247	-	27,356,247	15,841,105	-	15,841,105
	<u>1,572,756,091</u>	<u>(59,602,850)</u>	<u>1,513,153,241</u>	<u>1,395,964,117</u>	<u>(62,309,494)</u>	<u>1,333,654,623</u>

(b) Provisions for impairment of inventories

	31 December 2015	Written back during the year		31 December 2016
		Reversal or write-off	Others	
Spare parts	<u>(62,309,494)</u>	<u>2,706,644</u>	<u>-</u>	<u>(59,602,850)</u>

As at 31 December 2016, the Group made provision for decline in the value of inventories because some spare parts were rendered useless and impaired as a result of technology upgrade.

(c) Provision for impairment of inventories are analysed as follows:

	Basis for net realisable value	Reason for reversal or write-off of provision for decline in the value of inventories in the current year
Spare parts	Market price	Inventories have been scrapped

(7) Other current assets

	31 December 2016	31 December 2015
Deductible VAT	868,022,220	583,680,487
Prepayment of income tax	12,496,080	3,921,884
Others	<u>1,537,291</u>	<u>50,859,601</u>
	<u>882,055,591</u>	<u>638,461,972</u>



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IV Notes to the consolidated financial statements(continued)

(8) Available-for-sale financial assets

	31 December 2016	31 December 2015
Available-for-sale equity instruments		
- measured at fair value	419,736,308	553,350,488
Available-for-sale equity instruments		
- measured at cost	859,651,686	541,000,000
Less: Provisions for impairment of value	-	-
	1,279,387,994	1,094,350,488

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

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

	31 December 2016	31 December 2015
Available-for-sale equity instruments		
- Fair value	419,736,308	553,350,488
- Cost	255,328,616	255,328,616
- Accumulated to other comprehensive income	164,407,692	298,021,872
- Provision for impairment	-	-

(i) As at 31 December 2016, the Company held 12,600,000 tradable A shares in Shenzhen Energy and the investment cost was RMB 15,890,628. The investment was stated at fair value determined with reference to the market price. During the year, losses of RMB 37,170,000 (2015: gains of RMB 29,988,000) in fair value were recognized in other comprehensive income accordingly.

(ii) As at 31 December 2016, the Company held 55,532,250 tradable A shares in Shenergy and the investment cost was RMB 235,837,988. The investment was stated at fair value determined with reference to the market price. During the year, losses of RMB 93,294,180 (2015: gains of RMB 60,530,153) in fair value were recognized in other comprehensive income accordingly.

(iii) As at 31 December 2016, the Company held 1,800,000 shares of GMG International Tendering Co., Ltd. traded at the National Equities Exchange and Quotations system and the investment cost was RMB 3,600,000. The investment was stated at fair value determined with reference to the market price. During the year, losses of RMB 3,150,000 (2015: gains of RMB 6,750,000) in fair value were recognized in other comprehensive income accordingly.

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IV Notes to the consolidated financial statements(continued)

(8) Available-for-sale financial assets(continued)

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

	31 December 2015	Increase during the year	31 December 2016	Shareholding ratio in investees(%)	Cash dividends for the year
Available-for-sale equity instruments - at cost					
- Shenzhen Capital Group Co., Ltd.	115,000,000	-	115,000,000	3.67%	15,435,000
- Sunshine Insurance Group Corporation	356,000,000	-	356,000,000	3.38%	21,000,000
- South Sea Wind Electricity Development Co., Ltd.	70,000,000	-	70,000,000	10.00%	-
- Weixin Yuntou Yudean Zhaxi Energy Co., Ltd. ("Weixin Yuntou")(Note IV10(b)(i))	-	318,651,686	318,651,686	19.55%	-
	<u>541,000,000</u>	<u>318,651,686</u>	<u>859,651,686</u>		<u>36,435,000</u>
Available-for-sale equity instruments – provisions for impairment	-	-	-		-
	<u>541,000,000</u>	<u>318,651,686</u>	<u>859,651,686</u>		<u>36,435,000</u>

Available-for-sale financial assets measured at cost are mainly unlisted equity investments held by the Company. These investments are not quoted in the active market and the range of variation of the estimate of the fair values is relatively high, and the various probabilities adopted to determine the estimate of the fair values cannot be reasonably determined, therefore the fair values of these investments cannot be measured reliably.

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IV Notes to the consolidated financial statements(continued)

(9) Long-term receivables

Item	31 December 2016			31 December 2015			Range of discount rate
	Book value	Provision for bad debts	Carrying amount	Book value	Provision for bad debts	Carrying amount	
Sales and leaseback deposits	136,075,412	-	136,075,412	128,640,631	-	128,640,631	5.31% -7.05%

As at 31 December 2016, the Group's long-term receivables mainly represented the present value of RMB 50,000,000 of deposits paid by Zhanjiang Zhongyue Energy Co., Ltd ("Zhongyue Energy") for its fixed assets (31 December 2015: RMB 50,000,000) held under sales and leaseback and RMB 110,000,000 of deposits paid by Guangdong Jinghai Power Co., Ltd ("Jinghai Power") for its fixed assets (31 December 2015: RMB 110,000,000) held under sales and leaseback.

(10) Long-term equity investments

	31 December 2016	31 December 2015
Investment in joint venture(a)	584,241,360	601,637,346
Investment in associates(b)	4,848,396,390	5,322,772,813
	<u>5,432,637,750</u>	<u>5,924,410,159</u>
Less: Provisions for impairment of long-term equity investments	-	-
	<u>5,432,637,750</u>	<u>5,924,410,159</u>

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IV Notes to the consolidated financial statements(continued)

(10) Long-term equity investments(continued)

(a) Joint venture

	31 December 2015	Increase / decrease during the year							31 December 2016	Closing balance of provision for impairment	
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment			Others
Guangdong Electric Power Industry Fuel Co., Ltd. (“Industry Fuel”)	601,637,346	-	-	62,593,350	-	-	(79,989,336)	-	-	584,241,360	-

See relevant information on rights and interests in joint venture in Note VI(2).

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IV Notes to the consolidated financial statements(continued)

(10) Long-term equity investments(continued)

(b) Associates

	Increase / decrease during the year										Closing balance of provision for impairment
	31 December 2015	Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Disposal during the year	31 December 2016	
Shanxi Yudean Energy Co., Ltd. (“Shanxi Yudean Energy”)	913,606,650	-	-	92,786,742	-	-	(8,000,000)	-	-	998,393,392	-
Guangdong Yudean Finance Co., Ltd. (“Yudean Finance”)	670,229,369	-	-	56,844,340	-	-	(59,406,856)	-	-	667,666,853	-
Guangdong Yudean Power Generation Company (“Taishan Electric”)	2,104,305,209	-	-	172,424,801	-	-	(306,239,183)	-	-	1,970,490,827	-
Guangdong Yudean Shipping Co., Ltd. (“Yudean Shipping”)	940,425,774	-	-	3,445,336	108,795	(4,090,897)	(4,556,455)	-	-	935,332,553	-
Yudean Holding Investment West Co., Ltd. (“West Investment”)	264,811,291	-	-	(64,251,850)	(547,859)	-	-	-	-	200,011,582	-
Weixin Yuntou(i)	357,675,740	-	-	(39,024,054)	-	-	-	-	(318,651,686)	-	-

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IV Notes to the consolidated financial statements(continued)

(10) Long-term equity investments(continued)

(b) Associates(continued)

	Increase / decrease during the year								Closing balance of provision for impairment			
		31 December 2015	Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits		Provision for impairment	Disposal during the year	31 December 2016
Huaneng Shantou Wind Power Company ("Shantou Wind Power")		57,546,942	-	-	4,439,284	-	-	-	-	-	61,986,226	-
Yangshan Jiangkeng Hydropower Station Co., Ltd. ("Jiangkeng Hydropower")		5,991,055	-	-	-	-	-	-	-	-	5,991,055	-
Yangshan Centre Keng Electric Co., Ltd. ("Centre Keng Electric")		8,180,783	-	-	1,698,988	-	-	(1,355,869)	-	-	8,523,902	-
		<u>5,322,772,813</u>	<u>-</u>	<u>-</u>	<u>228,363,587</u>	<u>(439,064)</u>	<u>(4,090,897)</u>	<u>(379,558,363)</u>	<u>-</u>	<u>(318,651,686)</u>	<u>4,848,396,390</u>	<u>-</u>

- (i) As at 27 May 2016, the controlling equity owner of Weixin Yuntou increased its investment in Weixin Yuntou. The Company's proportion of investment in Weixin Yuntou were diluted to from 25.66% to 19.55%, in the meantime, the Company's proportion of votes in Weixin Yuntou decreased to 19.55%. However the Company's voting power is only concerned with general administration management and has not participated or influenced Weixin Yuntou's financial and operational decisions by all means. Consequently, the Company does not have significant influence over Weixin Yuntou and transfers it to available-for-sale financial assets (see Note IV(8)).

The information of interests in associates is disclose in Note VI (2).

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IV Notes to the consolidated financial statements(continued)

(11) Investment properties

	Plant and building
Cost	
-Balances at the beginning and end of the year	20,135,165
Accumulated depreciation	
-Balance at the beginning of the year	(10,567,330)
-Charge for the year	(635,598)
-Balance at the end of the year	(11,202,928)
Carrying amount	
-At the end of the year	8,932,237
-At the beginning of the year	9,567,835

(12) Fixed assets

Item	Plant and building	Power generation equipment	Motor vehicles	Other equipment	Total
Cost					
31 December 2015	16,864,671,692	53,095,927,527	606,081,985	1,077,417,960	71,644,099,164
Additions during the year					
Acquisition	5,529,751	30,502,227	16,674,145	28,686,607	81,392,730
Transfer from construction in progress(c)	255,168,991	2,039,343,205	7,449,940	65,726,675	2,367,688,811
Adjustment for project settlement differences	12,482,579	(308,670,804)	-	-	(296,188,225)
Disposal during the year	(14,917,780)	(114,433,906)	(17,962,995)	(11,373,940)	(158,688,621)
31 December 2016	17,122,935,233	54,742,668,249	612,243,075	1,160,457,302	73,638,303,859

Accumulated depreciation

31 December 2015	(5,016,638,465)	(20,534,743,932)	(422,262,704)	(720,242,703)	(26,693,887,804)
Addition in the current year					
Charge for the year(b)	(628,923,381)	(3,223,347,371)	(20,064,404)	(67,212,004)	(3,939,547,160)
Decrease in the current year					
Disposal during the year	1,555,989	97,421,652	16,569,342	10,456,066	126,003,049
31 December 2016	(5,644,005,857)	(23,660,669,651)	(425,757,766)	(776,998,641)	(30,507,431,915)

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IV Notes to the consolidated financial statements(continued)

(12) Fixed assets(continued)

Item	Plant and building	Power generation equipment	Motor vehicles	Other equipment	Total
Provision for impairment					
31 December 2015	(117,320,986)	(496,035,008)	(2,682,046)	(4,005,699)	(620,043,739)
Addition in the current year					
Charge for the year(d)	(11,709,278)	(695,527,817)	-	(6,860)	(707,243,955)
Decrease in the current year					
Disposal during the year	-	205,729	359,425	4,392	569,546
Transfer to disposal on fixed assets	-	10,531,725	-	-	10,531,725
31 December 2016	(129,030,264)	(1,180,825,371)	(2,322,621)	(4,008,167)	(1,316,186,423)

Carrying amount

31 December 2016	11,349,899,112	29,901,173,227	184,162,688	379,450,494	41,814,685,521
31 December 2015	11,730,712,241	32,065,148,587	181,137,235	353,169,558	44,330,167,621

- (a) As at 31 December 2016, power generators equipment at the carrying value of RMB 816,058,138 (original cost: RMB 2,562,570,238) (31 December 2015: carrying value of RMB 971,940,400 (original cost of RMB 2,549,783,097)) were pledged as collateral for long-term borrowings of RMB 226,400,000 (31 December 2015: long-term borrowings of RMB 346,400,000) (see Note IV(31)(b)).

As at 31 December 2016, no plant and building (31 December 2015: carrying value of RMB 177,120,517 (original cost of RMB 210,072,027)) were pledged as collateral for long-term borrowings (31 December 2015: long-term borrowings of RMB 29,400,000).

- (b) In 2016, the total amount of depreciation is RMB 3,939,547,160 (2015: RMB 3,641,274,405), which is charged to cost of sales, selling and distribution expenses and administration expenses amounting to RMB 3,893,532,712, RMB 4,185 and RMB 42,638,087 respectively (2015: RMB 3,594,943,652, RMB 797 and RMB 45,273,732 respectively).
- (c) In 2016, the costs of fixed assets transferred from construction in progress amount to RMB 2,367,688,811 (2015: RMB 8,529,336,509)



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IV Notes to the consolidated financial statements(continued)

(12) Fixed assets(continued)

(d) Impairment of fixed assets

As at 31 December 2016, the Group's balance of impairment provision for fixed assets are as follows:

	31 December 2015	Additions for the year	Decreases for the year	31 December 2015
Guangdong Yuejia Electric Co., Ltd. ("Yuejia Electric") (i)	481,910,703	-	(371,704)	481,538,999
Zhongyue Energy (iii)	-	214,553,161	-	214,553,161
Guangdong Red Bay Power Co., Ltd., ("Red Bay Power")(iii)	-	184,988,419	-	184,988,419
Xuwen Wind Power(ii)	126,877,473	-	-	126,877,473
Zhanjiang Electric Co., Ltd. ("Zhanjiang Electric") (iii)	-	99,882,705	(10,601,873)	89,280,832
Guangdong Yudean Jinghai Power Generation Co., Ltd.,("Jinghai Power") (iii)	-	71,082,445	-	71,082,445
Guangdong Shaoguan Yuejiang Electric Power Co., Ltd ("Yuejiang Power") (iii)	10,598,065	42,400,011	(127,694)	52,870,382
Maoming Zhenneng Thermal Power Co., Ltd ("Maoming Zhenneng") (iii)	657,498	48,399,955	-	49,057,453
Shajiao A Power (iv)	-	45,937,259	-	45,937,259
	<u>620,043,739</u>	<u>707,243,955</u>	<u>(11,101,271)</u>	<u>1,316,186,423</u>

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

The four generator units of Yuejia Electric have been shut down by August 2016. As at 31 December 2015, the Group has made provisions of RMB 481,910,703 for impairment of fixed assets related to generator units of Yuejia Electric. In 2016, management continued to dispose part of production equipment and wrote off RMB 371,704 of impairment of fixed assets. As at 31 December 2016, the Group recorded a provision of RMB 481,538,999 for the impairment of fixed assets related to the above generator units of Yuejia Electric.

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### IV Notes to the consolidated financial statements(continued)

#### (12) Fixed assets(continued)

##### (d) Impairment of fixed assets(continued)

##### (ii) Impairment of generator units of Xuwen Wind Power

In July 2014, super typhoon Rammasun slammed the Yongshi Wind Power Plant owned by Xuwen Wind Power. Eighteen generator units were destroyed (Cost of the generator units was RMB 138,358,965, with accumulated depreciation of RMB 11,481,492). Management recorded provisions of RMB 126,877,473 for impairment of these units against their full carrying amounts, as the units were completely destroyed. As at 31 December 2016, the fixed assets were yet to be disposed of or reversed.

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

As at 31 December 2016, according to Ultra-low Emissions and Energy-saving Transformation Work Program in Full Operation [2015]164 jointly issued by Ministry of Environmental Protection, National Development and Reform Commission and Bureau of Energy, it required fully operating ultra-low emissions and energy-saving transformation and reducing coal consumption and pollutant discharge on completion by the end of 2017 in Guangdong province. For this purpose, the Group made specific plans and propelled the implementation of ultra-low emissions and energy-saving program to ensure the reconstruction project of its coal-fired units could accomplish on schedule and steadily run. Basing on the specific circumstance of implementation of the Group's coal-fired units on the program, some part of equipment units needed to be dismantled or scrapped in advance. The Group recorded corresponding provision for impairment on the basis of the expected recoverable amounts of catalyst of desulfurization and denitrification.

Among them, Zhongyue Energy recorded a provision of RMB 214,553,161 for impairment; Red Bay recorded a provision of RMB 184,988,419 for impairment; Zhanjiang Wind recorded a provision of RMB 89,280,832 for impairment; Jinghai Power recorded a provision of RMB 71,082,445 for impairment; Yuejiang Power recorded a provision of RMB 42,400,011 for impairment; Maoming Zhenheng recorded a provision of RMB 48,399,955 for impairment; and Shajiao A recorded a provision of RMB 45,937,259 for impairment.

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IV Notes to the consolidated financial statements(continued)

(12) Fixed assets(continued)

(e) Fixed assets leased out under operating leases:

	Cost	Accumulated depreciation	Net book value
31 December 2016			
Power generator equipment	<u>3,621,850,800</u>	<u>(1,242,103,758)</u>	<u>2,379,747,042</u>
31 December 2015			
Power generator equipment	<u>3,942,130,800</u>	<u>(1,060,356,917)</u>	<u>2,881,773,883</u>

The details of the future lease payments are disclosed in Note IV (33).

(f) Fixed assets with pending certificates of ownership

	Book Value	Reason for pending certificate of ownership
Plants and buildings	<u>546,586,931</u>	Awaiting government approval

As at 31 December 2016, after consulting the Group's legal consultant, management believed that there were no substantial legal obstacles in obtaining the certificates and no material adverse impact on the normal operation of the Group will be incurred.

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IV Notes to the consolidated financial statements(continued)

(13) Construction in progress

	31 December 2016			31 December 2015		
	Book value	Impairment provision	Carrying amount	Book value	Impairment provision	Carrying amount
Bohe Coal integration project	3,540,338,713	-	3,540,338,713	2,105,426,029	-	2,105,426,029
Lincang Dayakou Hydropower Station	1,051,344,320	-	1,051,344,320	984,023,323	-	984,023,323
Huizhou Natural Gas thermal and power cogeneration expansion project	267,728,615	-	267,728,615	81,865,488	-	81,865,488
Xuwen Shibaling wind power project	227,143,871	-	227,143,871	34,411,228	-	34,411,228
Leizhou Hongxinlou wind power project	252,688,463	-	252,688,463	49,736,645	-	49,736,645
Xuwen Qujie wind power project	157,109,585	-	157,109,585	58,094,492	-	58,094,492
Humen Electric 2*1000MW project	137,373,040	(49,461,265)	87,911,775	137,354,887	(10,354,156)	127,000,731
Red Bay No.5&6 generator units	26,360,597	-	26,360,597	34,640,172	-	34,640,172
Dianbai Reshui wind power plant project	118,376	-	118,376	338,264,433	-	338,264,433
Other infrastructure projects	320,159,193	(11,980,219)	308,178,974	284,577,236	-	284,577,236
Technology improvement and other projects	425,256,937	(886,463)	424,370,474	185,999,685	(886,463)	185,113,222
Xuwen Yongshi Rebuild project	-	-	-	62,959,412	-	62,959,412
Da Pu Electric 2*600MW generator construction	-	-	-	1,267,286,429	-	1,267,286,429
	<u>6,405,621,710</u>	<u>(62,327,947)</u>	<u>6,343,293,763</u>	<u>5,624,639,459</u>	<u>(11,240,619)</u>	<u>5,613,398,840</u>

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IV Notes to the consolidated financial statements(continued)

(13) Construction in progress(continued)

(a) Movements of major construction projects in progress during the year

Item	Budget	31 December 2015	Addition for the year	Transfer to fixed assets	Impairment	Other decreases	31 December 2016	Actual cost / budget (%)	Project progress	Accumulate capitalised interest	Including: interest capitalised for the year	Interest rate for capitalisation in 2016(%)	Source of funding
Bohe Coal Integration project	9,785,950,000	2,105,426,029	1,434,912,684	-	-	-	3,540,338,713	36.18%	36.18%	191,521,001	130,905,929	5.6%	Borrowing, proprietary funding
Humen 2*1000MW Electric project	7,789,510,000	127,000,731	18,153	-	(39,107,109)	-	87,911,775	1.63%	1.63%	-	-	-	Proprietary funding
Red Bay No 5 & 6 generator units	7,714,370,000	34,640,172	3,560,107	-	-	(11,839,682)	26,360,597	0.50%	0.50%	-	-	-	Proprietary funding
Da Pu 2*600MW Electric generator construction	1,436,374,621	1,267,286,429	169,088,192	(1,436,374,621)	-	-	-	100.00%	100.00%	224,504,804	30,061,476	5.93%	Borrowing, proprietary funding
Lincang Dayakou Hydropower Station	1,209,578,400	984,023,323	67,320,997	-	-	-	1,051,344,320	86.92%	86.92%	34,985,021	-	-	Borrowing, proprietary funding
Huizhou Natural Gas thermal and power cogeneration expansion project	900,000,000	81,865,488	185,863,127	-	-	-	267,728,615	29.75%	29.75%	1,627,543	1,627,543	3.44%	Borrowing, proprietary funding
Jinghai 1-4#	558,000,000	-	40,323,340	-	-	-	40,323,340	7.23%	7.23%	-	-	-	Proprietary

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generators															funding
ultra-low emission reduction alteration project															
Dianbai wind plant project	Reshui power	483,714,800	338,264,433	31,288,291	(369,434,348)	-	-	118,376	76.40%	97.00%	9,153,190	1,996,454	4.99%	Borrowing, proprietary funding	
Xuwen wind project	Qujie power	466,450,000	58,094,492	103,490,720	-	-	(4,475,627)	157,109,585	34.64%	34.64%	4,582,100	1,873,051	4.41%	Borrowing, proprietary funding	

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IV Notes to the consolidated financial statements(continued)

(13) Construction in progress(continued)

(a) Movements of major construction projects in progress during the year(continued)

Item	Budget	31 December 2015	Addition for the year	Transfer to fixed assets	Impairment	Other decreases	31 December 2016	Actual cost / budget (%)	Project progress	Accumulate capitalised interest	Including: interest capitalised for the year	Interest rate for capitalisation in 2016(%)	Source of funding
Leizhou Hongxinlou wind power project	462,920,000	49,736,645	202,951,818	-	-	-	252,688,463	54.59%	54.59%	2,829,588	2,528,113	5.61%	Borrowing, proprietary funding
Xuwen Shibao Ling wind power project	460,639,300	34,411,228	192,732,643	-	-	-	227,143,871	49.31%	49.31%	3,597,862	1,860,900	4.41%	Borrowing, proprietary funding
Xuwen Yongshi wind power project	139,239,611	62,959,412	76,280,199	(139,239,611)	-	-	-	100.00%	100.00%	-	-	-	Proprietary funding
Other infrastructure projects	Not applicable	284,577,236	62,181,060	(57,137,042)	(3,354,129)	(18,411,491)	267,855,634	Not applicable	Not applicable	-	-	-	Proprietary funding
Technology improvement and other projects	Not applicable	185,113,222	615,253,419	(365,503,189)	(8,626,090)	(1,866,888)	424,370,474	Not applicable	Not applicable	1,049,928	1,049,928	4.1%	Borrowing
		<u>5,613,398,840</u>	<u>3,185,264,750</u>	<u>(2,367,688,811)</u>	<u>(51,087,328)</u>	<u>(36,593,688)</u>	<u>6,343,293,763</u>			<u>473,851,037</u>	<u>171,903,394</u>		

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

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IV Notes to the consolidated financial statements(continued)

(13) Construction in progress(continued)

(b) Provision for impairment of construction in progress

Project	31 December 2015	Charge for the year	Decrease for the year	31 December 2016	Reason for provision
Humen Electric 2*1000MWproject	(10,354,156)	(39,107,109)	-	(49,461,265)	Upfront expenses for construction in progress
Zhanjiang Electric technical improvement project	(886,463)	-	-	(886,463)	Upfront expenses for construction in progress
Shajiao A4# coal yard sea-fill yard capacity increase project	-	(5,802,000)	-	(5,802,000)	Upfront expenses for construction in progress
Province Wind Power project early stage cost impairment	-	(2,824,090)	-	(2,824,090)	Upfront expenses for construction in progress
Lincang Hydro Power project early stage cost impairment	-	(3,354,129)	-	(3,354,129)	Upfront expenses for construction in progress
	<u>(11,240,619)</u>	<u>(51,087,328)</u>	<u>-</u>	<u>(62,327,947)</u>	

(c) As at 31 December 2016, some projects under construction were pending the approval documents. Management expected to obtain the relevant approval documents as scheduled. In addition, management expected stable cash inflows from operating activities once the new projects were put into production. Therefore, the risk of impairment of such projects was low.



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IV Notes to the consolidated financial statements(continued)

(14) Intangible assets

	Associated projects for electricity transmission and microwave engineering	Land use right	Sea use right	Transportation project	Concession contract	Software	Non-patent technology and others	Total
Cost								
Balance as at 31 December 2015	442,517,684	1,729,875,675	129,906,544	22,468,672	13,720,736	82,290,380	693,319	2,421,473,010
Additions during the year								
- Purchase	-	83,070,823	-	-	-	13,118,482	3,810,301	99,999,606
- Research & development	-	-	-	-	-	121,368	-	121,368
- Transfer from construction in progress	-	-	-	-	-	1,737,087	-	1,737,087
Decreases during the year								
Disposal	-	-	-	-	-	-	(3,746,851)	(3,746,851)
Balance as at 31 December 2016	442,517,684	1,812,946,498	129,906,544	22,468,672	13,720,736	97,267,317	756,769	2,519,584,220
Accumulated amortisation								
Balance as at 31 December 2015	(404,925,877)	(215,263,046)	(15,245,415)	(21,426,174)	(8,006,421)	(58,695,580)	(269,450)	(723,831,963)
Additions during the years								
- Charge for the year	(200,262)	(39,274,721)	(2,619,493)	(20,894)	(952,142)	(10,905,327)	(78,219)	(54,051,058)
Balance as at 31 December 2016	(405,126,139)	(254,537,767)	(17,864,908)	(21,447,068)	(8,958,563)	(69,600,907)	(347,669)	(777,883,021)
Impairment provision								
Balance as at 31 December 2015	(33,189,374)	-	-	(1,021,604)	-	-	-	(34,210,978)
Balance as at 31 December 2016	(33,189,374)	-	-	(1,021,604)	-	-	-	(34,210,978)

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Carrying amount

Balance as at 31 December 2016	4,202,171	1,558,408,731	112,041,636	-	4,762,173	27,666,410	409,100	1,707,490,221
Balance as at 31 December 2015	4,402,433	1,514,612,629	114,661,129	20,894	5,714,315	23,594,800	423,869	1,663,430,069

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IV Notes to the consolidated financial statements(continued)

(14) Intangible assets(continued)

- (a) In 2016, the amortized amount of intangible assets is RMB 54,051,058 (2015: 51,806,071).
- (b) As at 31 December 2016, the Group made a full provision of RMB 34,210,978 (31 December 2015: RMB 34,210,978) for impairment of intangible assets of the use rights of associated projects for electricity transmission and transformation, microwave engineering, and transportation engineering.
- (c) As at 31 December 2016, the Group had obtained land use right certificates for all its lands, except for the land use right certificates under application and approval procedures for the lands with the carrying value of RMB 51,465,074(31 December 2015: RMB 38,669,775). After consulting the Group’s legal consultant, management believed that there were no substantial legal obstacles in obtaining the certificates and no material adverse impact on the normal operation of the Group will be incurred.

(15) Goodwill

31 December  
2016 & 2015

Goodwill

Guangdong Province Wind Power Generation Co., Ltd., (“Guangdong Wind Power”)	2,449,886
Lincang Yudean Energy Co., Ltd., (“Lincang Energy”)	25,036,894
	<u>27,486,780</u>

- (a) In 2013, the Group acquired 55% shares in Guangdong Wind Power with a combined cost of RMB 5,994,670. The excess of the combined cost over the fair value of the Group’s share of Guangdong Wind Power’s identifiable assets and liabilities amounted to RMB 2,449,886 and was recognized as good will.
- (b) On 5 January 2015, the Group exchanged for 51.00% of the equity in Lincang Energy held by third parties with 14.34% of equity in Weixin Yuntou. The excess of the combined cost over the fair value of the Group’s share of Lincang Energy’s identifiable assets and liabilities amounted to RMB 25,036,894 and was recognized as goodwill.

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IV Notes to the consolidated financial statements(continued)

(16) Long-term prepaid expenses

	31 December 2015	Additions during the year	Amortisation during the year	31 December 2016
Long-term lease charges	23,400,125	-	(2,028,166)	21,371,959
Leasehold improvement	5,443,100	-	(767,959)	4,675,141
Others	-	9,679,884	(1,115,272)	8,564,612
	<u>28,843,225</u>	<u>9,679,884</u>	<u>(3,911,397)</u>	<u>34,611,712</u>

(17) Deferred tax assets and liabilities

(a) Deferred tax assets

	31 December 2016		31 December 2015	
	Deductible emporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for asset impairment	778,810,681	193,720,196	107,427,844	26,374,328
Pre-operating expenses	3,089,245	386,156	6,459,331	807,416
Deductible losses	112,722,870	28,180,717	493,320	123,330
Depreciation of fixed assets	77,011,308	19,252,827	66,617,909	16,654,477
Employee benefits payable	58,555,576	14,838,523	70,926,428	17,731,607
Net income from test run included in construction in progress	53,276,223	13,158,344	27,816,165	6,874,116
Government grants related to assets	63,727,865	15,931,966	47,600,568	11,900,142
Amortisation of land use right	3,011,274	752,819	3,072,296	768,073
Intra-Group transactions	220,966,988	55,241,747	234,495,579	58,623,895
	<u>1,371,172,030</u>	<u>341,463,295</u>	<u>564,909,440</u>	<u>139,857,384</u>
Including:				
Expected to be recovered within one year (inclusive)		153,444,772		8,817,135
Expected to be recovered after one year		188,018,523		131,040,249
		<u>341,463,295</u>		<u>139,857,384</u>

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IV Notes to the consolidated financial statements(continued)

(17) Deferred tax assets and liabilities(continued)

(b) Deferred tax liabilities

	31 December 2016		31 December 2015	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of available-for-sale financial assets included in other comprehensive income	(164,407,693)	(41,101,923)	(298,021,872)	(74,505,468)
Net expenses in test run included in construction in progress	(42,114,648)	(10,528,662)	(47,835,721)	(11,958,930)
Revaluation upon acquisition	(94,486,868)	(23,621,718)	(97,594,651)	(24,398,663)
	<u>(301,009,209)</u>	<u>(75,252,303)</u>	<u>(443,452,244)</u>	<u>(110,863,061)</u>
Including:				
Expected to be recovered within one year (inclusive)		(2,329,404)		(3,203,287)
Expected to be recovered after one year		<u>(72,922,899)</u>		<u>(107,659,774)</u>
		<u>(75,252,303)</u>		<u>(110,863,061)</u>

(c) Deductible temporary differences and deductible losses which are not recognised as deferred tax assets are analysed as below:

	31 December 2016	31 December 2015
Deductible losses	913,316,296	749,873,728
Deductible temporary differences	<u>252,062,736</u>	<u>121,380,071</u>
	<u>1,165,379,032</u>	<u>871,253,799</u>

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IV Notes to the consolidated financial statements(continued)

(17) Deferred tax assets and liabilities(continued)

(d) Tax losses which is not recognised as deferred tax assets will expire in the following years:

Year	31 December 2016	31 December 2015
2016	-	36,164,017
2017	67,060,276	67,959,606
2018	2,504,832	2,504,832
2019	7,350,102	7,350,102
2020	7,401,514	7,401,514
2021	167,746,012	-
	<u>252,062,736</u>	<u>121,380,071</u>

The management believed that as at the maturity date for the above deductible losses, the relevant subject of tax payment does not have sufficient taxable income to deduct the above deductible losses, therefore did not realise deferred tax assets.

(e) The net balances of deferred tax assets and liabilities are as follows:

	31 December 2016		31 December 2015	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	(37,534,026)	303,929,269	(23,620,033)	116,237,351
Deferred tax liabilities	37,534,026	(37,718,277)	23,620,033	(87,243,028)

(18) Other non-current assets

Item	31 December 2016	31 December 2015
Prepayment for construction equipment	1,081,412,840	1,550,963,239
Prepayment for construction expenses	542,965,106	64,403,010
Unrealised losses on sale and leaseback (a)	193,703,865	212,312,445
Prepayments for house purchase	150,799,140	150,799,140
Prepayments for land use right	39,765,321	38,733,601
Others	2,878,159	-
	<u>2,011,524,431</u>	<u>2,017,211,435</u>

(a) Unrealised loss on leaseback is the difference between the selling price of the generator and its carrying value, and is the remaining balance after depreciation based on the depreciation schedule of the leaseback generator.

IV Notes to the consolidated financial statements(continued)

(19) Provision for asset impairment

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	31 December 2015	Additions for the year	Reversals during the year	Write-offs during the year	31 December 2016
Provision for bad debts	(6,365,291)	(58,407)	-	-	(6,423,698)
Including:					
Provision for bad debt for other receivables	(6,365,291)	(58,407)	-	-	(6,423,698)
Provision for decline i the value c inventories	(62,309,494)	-	119,561	2,587,083	(59,602,850)
Provision for impairment of fixed assets	(620,043,739)	(707,243,955)	-	11,101,271	(1,316,186,423)
Provision for impairment c construction i progress	(11,240,619)	(51,087,328)	-	-	(62,327,947)
Provision for impairment c intangible assets	(34,210,978)	-	-	-	(34,210,978)
	<u>(734,170,121)</u>	<u>(758,389,690)</u>	<u>119,561</u>	<u>13,688,354</u>	<u>(1,478,751,896)</u>

(20) Short-term loans

	31 December 2016	31 December 2015
Credit loan	<u>5,758,860,000</u>	<u>6,288,060,000</u>

(a) As at 31 December 2016, the annual interest rates of the short-term loans ranged from 3.92% ~ 5.32% (31 December 2015: 3.92% ~ 5.80%).

(b) As at 31 December 2016, balance of short-term credit loans provided by related party Yudean Finance amounted to RMB 3,710,000,000 (31 December 2015: RMB 4,315,000,000) (see Note VIII(6)).

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IV Notes to the consolidated financial statements(continued)

(21) Notes payable

	31 December 2016	31 December 2015
Bank acceptance bills	1,088,100,837	593,971,146
Commercial acceptance bills	242,380,000	-
	<u>1,330,480,837</u>	<u>593,971,146</u>

The above notes payable are all due within one year.

(a) As at 31 December 2016, the Group had RMB 655,078,278 acceptance bills fro Yudean Finance (31 December 2015: RMB 150,000,000)

(b) The Group used acceptance bills to pay for coal or fuel procured from the Company's joint venture, Fuel Supply. According to the three-party agreement signed among the Group, Yudean Finance and Fuel Supply, discounting expenses will be borne by the Group when Fuel Supply discounts the bills they receive. As at 31 December 2016, the balance of bank acceptance bills issued by the Group and discounted by Fuel Supply with Yudean Finance amounted to RMB 847,458,278 (31 December 2015: RMB 250,000,000) with discounting rate of 2.70% ~ 3.48% (31 December 2015: 3.87% ~ 4.08%). The acceptance bills were ranging from three to twelve months (31 December 2015: due from three to six months). The amount of the above discounted bills payable represented the amount payable to Yudean Finance. The Group paid a total of RMB 20,564,233 (31 December 2015: RMB 11,027,433) of discounting interest to Yudean Finance in 2016.

(22) Accounts payable

	31 December 2016	31 December 2015
Fuel payable	2,190,716,850	1,169,095,741
Materials and spare parts payable	799,093,816	438,231,110
Maintenance and administrative fees payable	89,461,265	94,009,782
Others	87,978,515	37,890,658
	<u>3,167,250,446</u>	<u>1,739,227,291</u>

(a) As at 31 December 2016, accounts payable ageing more than one year of RMB 156,691,389 (31 December 2015: RMB 105,763,306) mainly were maintenance and administrative fees payable of RMB 89,461,265 (31 December 2015: RMB 94,009,782) and fuel payable of RMB 67,230,124 (31 December 2015: RMB 11,753,524).



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IV Notes to the consolidated financial statements(continued)

(23) Advances from customers

	31 December 2016	31 December 2015
Advances for grid payment	12,208,678	-
Advances from disposal of renewable resources	162,884	244,798
Others	84,798	-
	<u>12,456,360</u>	<u>244,798</u>

(a) As at 31 December 2016, there is no large amount advances from customers ageing over one year. (31 December 2015: nil)

(24) Employee benefits payable

	31 December 2016	31 December 2015
Short-term welfare benefits(a)	125,994,004	109,947,602
Defined contribution plan(b)	-	(52,106)
Post-employment benefits payable(c)	18,128,124	13,582,426
	<u>144,122,128</u>	<u>123,477,922</u>

(a) Short-term remunerations

	31 December 2015	Additions for the year	Decreases for the year	31 December 2016
Salaries, bonuses, allowances	62,400	1,181,853,535	(1,181,864,957)	50,978
Staff welfare	4,228,970	123,910,689	(124,419,857)	3,719,802
Social insurance	38,054,334	73,113,198	(65,564,671)	45,602,861
Including: Medical insurance	38,054,334	66,861,369	(59,312,842)	45,602,861
Work-related injury insurance	-	3,446,940	(3,446,940)	-
Maternity insurance	-	2,804,889	(2,804,889)	-
Housing fund	-	194,741,638	(194,741,638)	-
Labour union fee and staff and workers' education fee	64,847,288	53,078,575	(43,543,272)	74,382,591
Others	2,754,610	50,631,852	(51,148,690)	2,237,772
	<u>109,947,602</u>	<u>1,677,329,487</u>	<u>(1,661,283,085)</u>	<u>125,994,004</u>

(b) Defined contribution plan

	31 December 2015	Additions for the year	Decreases for the year	31 December 2016
Pension insurance	(55,779)	161,000,625	(160,944,846)	-
Unemployment insurance	3,673	4,889,047	(4,892,720)	-

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Annuity	-	56,525,846	(56,525,846)	-
	(52,106)	222,415,518	(222,363,412)	-

- (c) Post-employment benefits payable refers to early retirement benefits payable due by the Group within one year (see Note IV (36)).

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IV Notes to the consolidated financial statements(continued)

(25) Tax Payable

	31 December 2016	31 December 2015
Corporate income tax payable	128,468,570	246,968,994
Unpaid VAT payable	133,295,631	92,133,107
Individual income tax payable	33,222,950	40,151,510
Land use tax payable	9,707,984	905,014
Property tax payable	6,552,214	830,606
Pollution discharge fee payable	3,456,932	4,100,793
Embankment fee payable	2,879,847	-
City maintenance and construction tax payable	2,327,949	5,613,910
Education surcharges payable	1,954,625	4,890,004
Business tax payable	-	2,083,421
Other tax payables	5,053,142	7,051,995
	<u>326,919,844</u>	<u>404,729,354</u>

(26) Interests payable

	31 December 2016	31 December 2015
Interests payable for long-term borrowings with interest paid in installments and principal repaid on maturity	27,938,770	43,836,517
Interests payable for debentures	44,398,814	44,398,814
Interests payable for short-term loans	10,807,042	17,257,367
Other interests payables	504,167	-
	<u>83,648,793</u>	<u>105,492,698</u>

(27) Dividend payable

	31 December 2016	31 December 2015
Payable to non-tradable owners of the Company	<u>9,703,930</u>	<u>8,640,994</u>

The above dividend payable refers to dividend payable for non-tradable shares reform that is in the process of completing necessary formalities. The payment will be arranged after the formalities are completed.

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IV Notes to the consolidated financial statements(continued)

(28) Other payables

	31 December 2016	31 December 2015
Payment for construction and equipment	2,587,231,394	3,118,101,571
Payment for project warranty	369,890,625	261,377,223
State Oceanic Administration penalty payable (IV(50)(a))	172,000,000	-
Payables to advances from Shaoguan Plant D	19,936,021	9,937,230
Payable for purchase of unit capacity	4,000,000	4,448,301
Others	139,498,955	142,269,300
	<u>3,292,556,995</u>	<u>3,536,133,625</u>

As at 31 December 2016, other payables of RMB 1,076,042,535 (31 December 2015: RMB 1,153,892,553) aged over one year mainly represent construction payables and warranty. They have not been settled because the related projects have not completed their final inspection or are still within their warranty periods.

(29) Current portion of non-current liabilities

	31 December 2016	31 December 2015
Long-term borrowings due within one year (Note IV(31))	990,474,807	1,471,898,209
Long-term payables due within one year (Note IV(33))	443,169,716	379,072,443
	<u>1,433,644,523</u>	<u>1,850,970,652</u>

(a) Long-term borrowings due within one year

Item	31 December 2016	31 December 2015
Pledged loan (i)	184,196,290	70,645,920
Loan secured by mortgages	-	9,800,000
Guaranteed loan (ii)	58,427,500	56,525,000
Credit loan	747,851,017	1,334,927,289
	<u>990,474,807</u>	<u>1,471,898,209</u>

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IV Notes to the consolidated financial statements(continued)

(29) Current portion of non-current liabilities(continued)

(a) Long-term borrowings due within one year(continued)

(i) As at 31 December 2016, the charge right for electricity and accounts receivable are treated as pledge for long-term borrowings due within one year for the following subsidiaries:

	31 December 2016	31 December 2015
Yuejiang Power	105,353,210	38,840,000
Zhanjiang Wind Power	17,520,000	17,520,000
Xuwen Wind Power	61,323,080	14,285,920
	<u>184,196,290</u>	<u>70,645,920</u>

(ii) As at 31 December 2016, Zhanjiang Wind Power provides maximum amount guarantee for Xuwen Wind's long-term loan of RMB 10,427,500 (31 December 2015: RMB 8,525,000) due within one year. The Company provides joint and several guarantee for Yuejiang Power's long-term loan of RMB 48,000,000 (31 December 2015: 48,000,000) due within one year.

(iii) As at 31 December 2016, the annual interest rate of long-term borrowings due within one year ranges from 1.29% to 5.31% (31 December 2015: from 0.92% to 6.15%). The loans will be due within 12 months.

(b) Long-term payables due within one year

As at 31 December 2016, the long-term payables due within one year are financing lease payable of RMB 443,169,716 (i.e. the net balance of RMB 557,802,821 less unrecognized finance cost of RMB 114,633,105). As at 31 December 2015, the long-term payables due within one year is financing lease payable of RMB 379,072,443 (i.e. the net balance of RMB 464,277,338 less unrecognized finance cost of RMB 85,204,895).

As at 31 December 2016, details of long-term payables due within one year has been detailed in Notes IV(33).

(30) Other current liabilities

	31 December 2016	31 December 2015
Short-term financing notes payable	<u>1,723,070,000</u>	<u>1,711,348,630</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

IV Notes to the consolidated financial statements(continued)

(30) Other current liabilities(continued)

(a) Changes in short-term debentures payable

	Face value	Issuance date	Maturity period	Issuance amounts	31 December 2015	Issuance during the year	Interests at face value	Amortisation of discounts or premium	Repayments for the period	31 December 2016
First batch of short-term financing notes issued by Guangdong Electric Power Development Co., Ltd., 2015	1,500,000,000	20/10/2015	270 days	1,500,000,000	1,509,599,589	-	26,806,148	-	(1,536,405,737)	-
Short-term financing notes issued by Guangdong Huizhou Pinghai Power Plant in 2015	200,000,000	09/10/2015	365 days	200,000,000	201,749,041	-	5,850,959	-	(207,600,000)	-
First batch of short-term financing notes issued by Guangdong Electric Power Development Co., Ltd., 2016	700,000,000	07/06/2016	270 days	700,000,000	-	700,000,000	11,565,644	-	-	711,565,644
Second batch of short-term financing notes issued by Guangdong Electric Power Development Co., Ltd., 2016	500,000,000	11/08/2016	270 days	500,000,000	-	500,000,000	5,017,370	-	-	505,017,370
First batch of short-term financing notes issued by Guangdong Huizhou Pinghai Power Plant in 2016	500,000,000	20/07/2016	270 days	500,000,000	-	500,000,000	6,486,986	-	-	506,486,986
	<u>3,400,000,000</u>			<u>3,400,000,000</u>	<u>1,711,348,630</u>	<u>1,700,000,000</u>	<u>55,727,107</u>	<u>-</u>	<u>(1,744,005,737)</u>	<u>1,723,070,000</u>

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IV Notes to the consolidated financial statements(continued)

(31) Long-term borrowings

	31 December 2016	31 December 2015
Pledge loan(a)	2,537,296,396	2,526,301,960
Loan secured by mortgages(b)	226,400,000	375,800,000
Guaranteed loan(c)	1,716,667,500	1,747,875,000
Credit loan	16,398,282,948	18,125,151,159
	<u>20,878,646,844</u>	<u>22,775,128,119</u>
Less: Long-term borrowings due within one year (Note IV(29)(a))	<u>(990,474,807)</u>	<u>(1,471,898,209)</u>
	<u>19,888,172,037</u>	<u>21,303,229,910</u>

- (a) As at 31 December 2016, The long-term borrowings of the following subsidiaries are secured by the future revenue from power generation and accounts receivable:

		31 December 2016	31 December 2015
Yuejiang Power	(i)	2,223,720,000	2,149,080,000
Zhanjiang Wind Power	(ii)	173,985,000	191,505,000
Xuwen Wind Power	(iii)	139,591,396	185,716,960
		<u>2,537,296,396</u>	<u>2,526,301,960</u>

- (i) As at 31 December 2016, the Company's subsidiary Yuejiang Power borrows RMB 2,223,720,000 from bank consortium and the Industrial and Commercial Bank of China, secured by Yuejiang Power's right to charge electricity. The maturity date is on 21 June 2020 along with the annual interest rate from 4.41% to 4.85%. Included in the loans is a long-term loan due within one year amounting to RMB 105,353,210 (2015: included in the loans of RMB 2,149,080,000 was a long-term loan due within one year amounting to RMB 38,840,000).
- (ii) As at 31 December 2016, the Company's subsidiary Zhanjiang Wind Power borrows RMB 173,985,000 from the Industrial and Commercial Bank of China, secured by Zhanjiang Wind Power's right to charge electricity. The maturity date is on 7 May 2024 along with the annual interest rate of 4.41% (2015: 5.90%). Included in the loans is a long-term loan due within one year amounting to RMB 17,520,000 (2015: included in the loans of RMB 191,505,000 was a long-term loan due within one year amounting to RMB 17,520,000).

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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### IV Notes to the consolidated financial statements(continued)

#### (31) Long-term borrowings(continued)

##### (a) (continued)

(iii) Basing on the Loan Transfer Agreement of Yudean Yongshi Wind Power Project for Loan Protocol under the Climate Change Framework of European Investment Banks between Zhanjiang Wind Power and Department of Finance of Guangdong Province, the Company's subsidiary Zhanjiang Wind Power acquired an US loan transferred from the Loan Protocol under 'Chinese Climate Change Framework' between China and European investment banks. The loan has been used on Xuwen Yongshi Wind Power project and is secured by the electricity revenue from the same project. As at 31 December 2016, the balance of the loan above is totalled at USD 20,122,733 (equivalent to RMB 139,591,396) (2015: USD 28,600,000 (equivalent to RMB 185,716,960)), among which balance of the long-term loan due within one year amounted to USD 8,840,000 (equivalent to RMB 61,323,080) (2015: USD 2,200,000 (equivalent to RMB 14,285,920)). The maturity date of the loan is 2 March 2029 with the annual interest rate from 0.92% to 1.29% (2015: from 0.92% to 1.76%). The loans are meanwhile guaranteed by the Company.

(b) As at 31 December 2016, Shenzhen Guangqian Electric Co., Ltd ('Guangqian Electric')'s long-term loan of RMB 226,400,000 (31 December 2015: RMB 346,400,000) is secured by electric power equipment with carrying value of RMB 816,058,138 (Original cost of RMB 2,562,570,238) (31 December 2015: RMB 971,940,400 (Original cost of RMB 2,549,783,097)). The annual interest rate of the loan is from 4.41% to 5.09% (31 December 2015: from 4.41% to 5.09%). For this year Lincang Energy's does not have mortgage long-term borrowings (31 December 2015: RMB 29,400,000, secured by houses and buildings of RMB 177,120,517 (Original cost of RMB 210,072,027)).

(c) As at 31 December 2016, the balance of the Company's subsidiary Xuwen Wind's long-term loan from Yudean Finance is RMB 56,600,000. Included in the loan is a long-term loan due within one year of RMB 7,400,000 (2015: RMB 52,000,000, among which balance of the long-term loan due within one year amounted to RMB 7,400,000), secured by the guarantee provided by Zhanjiang Wind Power. The annual interest rate of the loan is 4.66% (2015: 4.90%) with maturity date on 21 August 2022.

As at 31 December 2016, the balance of the long-term loan borrowed by the Company's subsidiary Xuwen Wind Power from the Bank of Communication Co., Ltd. amounts to RMB 20,067,500, among which balance of the long-term loan due within one year is RMB 3,027,500. The loan is secured by the guarantee (31 December 2015: RMB 7,875,000, among which balance of the long-term borrowings due within one year is RMB 1,125,000) provided by Zhanjiang Wind Power, and has an annual interest rate of 4.90% (2015: 5.65%) with maturity date on 5 December 2022.

### IV Notes to the consolidated financial statements(continued)

#### (31) Long-term borrowings(continued)

##### (c) (continued)



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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As at 31 December 2016, Yudean provides a guarantee for the Company's long-term loan of RMB 1,500,000,000 (2015: RMB 1,500,000,000). The loan has interest rate of 5.00% (2014: 5.00%) with maturity date on 13 August 2020.

As at 31 December 2016, the long-term loan of the Company's subsidiary Yuejiang Power amounting to RMB 140,000,000 is secured by the guarantee provided by the Company based on its proportion of shareholding. The balance of the long-term loan due within one year included in the loan amounts to RMB 48,000,000 (31 December 2015: RMB 188,000,000, among which balance of long-term loan due within one year was RMB 48,000,000). The loan's interest rate is 4.90% (2015: from 5.00% to 6.00%) with maturity date on 2 July 2019.

(32) Debentures payable

	31 December 2015	Issuance during the year	Interest at face value	Amortisations of discount or premium	Repayments during the year	31 December 2016
12 Yudean Bond (a)	1,196,029,762	-	59,400,000	952,857	(59,400,000)	1,196,982,619
16 Pinghai Bond 01 (b)	-	697,375,000	5,766,849	-	-	703,141,849
	<u>1,196,029,762</u>	<u>697,375,000</u>	<u>65,166,849</u>	<u>952,857</u>	<u>(59,400,000)</u>	<u>1,900,124,468</u>

(a) As approved by CSRC Circular SFC License [2012] No. 1421, the Company issued 7-year book-entry corporate bonds in real-name system with face value of RMB 1,200,000,000 ("12 Yudean Bond") to the public in 18 March 2013. The Company altogether raised RMB 1,193,330,000 after deducting an issue expense of RMB 6,670,000. The loan is subject to an annual interest rate of 4.95% counted from 18 March 2013 and should be payable annually on simple interest. As at 31 December 2016, debentures payable are measured at amortised cost using effective interest method. The effective interest rate is 5.04%.

(b) As approved by CSRC Circular SFC License [2016] No. 1864, the Company's subsidiary Guangdong Huizhou Pinghai Power Plant Co., Ltd ("Pinghai Power") issued 5-year book-entry corporate bonds in real-name system with face value of RMB 700,000,000 ("16 Pinghai 01") to the public in 26 September 2016. The Company altogether raised RMB 697,375,000 after deducting an issue expense of RMB 2,625,000. The loan is subject to an annual interest rate of 3.10% counted from 26 September 2016 and should be payable annually on simple interest. As at 31 December 2016, debentures payable are measured at amortised cost using effective interest method. The effective interest rate is 3.18%.

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IV Notes to the consolidated financial statements(continued)

(33) Long-term payables

	31 December 2016	31 December 2015
Sales and leaseback and other payables (a)	2,270,722,370	2,874,515,554
Payables for share repurchase (b)	90,000,000	-
	<hr/>	<hr/>
Less: Long-term payables due within one year	(443,169,716)	(379,072,443)
	<hr/>	<hr/>
	<u>1,917,552,654</u>	<u>2,495,443,111</u>

- (a) The finance lease payable is mainly the balance of minimum lease payment less unrecognised finance cost of finance lease for electric power equipment by subsidiaries - Jinghai Power, Yuejiang Power and Zhongyue Energy. The Company provided guarantee for Yuejiang Power's finance lease up to 65% of total amount of the finance lease and signed a counter guarantee contract with Yuejiang Power.

The Group's minimum finance lease payments are as follows:

<u>Minimum finance lease payments</u>	31 December 2016	31 December 2015
Within 1 year (inclusive)	557,802,821	464,277,338
Over 1 year but within 2 years (inclusive)	459,467,904	852,664,261
Over 2 years but within 3 years (inclusive)	422,733,636	448,217,202
Over 3 years	1,267,888,524	1,312,920,933
Sub-total	<hr/>	<hr/>
	2,707,892,885	3,078,079,734
Less: Unrecognised financial expense	(437,170,515)	(203,564,180)
	<hr/>	<hr/>
	<u>2,270,722,370</u>	<u>2,874,515,554</u>

The above finance lease payable due within one year less unrecognised finance lease expense is listed in Note IV(29).

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IV Notes to the consolidated financial statements(continued)

(33) Long-term payables

- (b) The share repurchase payables are: Guangdong Yuecai Investment Management Co., Ltd (“Yuecai Investment”) increasing capital of RMB 10,000,000 in the Company’s subsidiary Guangdong Yudean Leizhou Wind Power Co., Ltd (“Leizhou Wind Power”), increasing capital of RMB 50,000,000 in the Company’s subsidiary Dianbai Wind Power, and acquiring 30% stake in the Company’s holding subsidiary Xuwen Wind Power with RMB 30,000,000 as consideration. According to the agreement, the Company shall repurchase the shares held by Yuecai Investment after the five-year equity participation, and the price of repurchase shall equals to Yuecai Investment’s actual amount of contribution of RMB 90,000,000 in the capital increase and the fixed rate equity premium.

(34) Specific payable

Item	Beginning balance	Additions for the year	Decreases for the year	Ending balance
Relocation and construction of wind power plant	2,251,974	-	(536,589)	1,715,385
Extension support finds	22,460,000	2,500,000	-	24,960,000
	<u>24,711,974</u>	<u>2,500,000</u>	<u>(536,589)</u>	<u>26,675,385</u>

(35) Deferred income

	31 December 2015	Additions for the year	Decreases for the year	31 December 2016
Government grant (a)	103,019,987	35,265,981	(12,635,896)	125,650,072
Income from sales and leaseback of fixed assets	236,738	-	(236,738)	-
	<u>103,256,725</u>	<u>35,265,981</u>	<u>(12,872,634)</u>	<u>125,650,072</u>

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IV Notes to the consolidated financial statements(continued)

(35) Deferred income(continued)

(a) Government grant

c	Item	Notes	31 December 2015	Additions during the year	Recognition as non-operating income	Other movements for the year	31 December 2016	Related to assets/revenue
	Water-freshing project Shajiao A Zhenkou Pump house	(i)	23,135,555	7,211,446	(1,033,748)	-	29,313,253	Assets
	Energy saving funds	(ii)	8,280,000	16,407,000	(950,173)	-	23,736,827	Assets
	Tax refund for PRC-made equipment	(iii)	22,517,767	-	(3,000,000)	-	19,517,767	Assets
	Development and competitiveness funds from SASAC	(iv)	10,000,000	-	(666,667)	-	9,333,333	Assets
	Incentives for energy efficiency of power plant by Dongguan city	(v)	9,187,466	1,199,656	(1,062,297)	-	9,324,825	Assets
	5# generation set of desulfurization project		9,230,770	-	(3,076,923)	-	6,153,847	Assets
	Expansion on flow reconstruction project		4,499,687	-	(350,625)	-	4,149,062	Assets
	Sha A – 2016 central finance energy saving fund	(vi)	-	5,460,000	(1,421,875)	-	4,038,125	Assets
	Refurbishment on air preheater		3,664,616	-	(365,383)	-	3,299,233	Assets
	Dianbai Reshui wind power plant project		3,000,000	-	-	-	3,000,000	Assets
	Special prize funds of recycle economy and energy saving by Shenzhen city		3,200,655	-	(246,667)	-	2,953,988	Assets
	Denitration project		3,200,855	-	(307,692)	-	2,893,163	Assets
	2016 Provincial industry and information development special fund for technological transformation of enterprises		-	1,500,000	-	-	1,500,000	Assets
	Special funds for differential electricity price		1,318,000	-	-	-	1,318,000	Assets
	Water-freshing project		1,384,616	-	(153,846)	-	1,230,770	Assets

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IV Notes to the consolidated financial statements(continued)

(35) Deferred income(continued)

(a) Government grant(continued)

c	Item	Notes	31 December 2015	Additions during the year	Recognition as non-operating income	Other movements for the year	31 December 2016	Related to assets/revenue
	Special prize funds of recycle economy and energy saving by Shaoguan city		-	1,125,999	-	-	1,125,999	Assets
	Circulating water pump special fund for technological renovation		-	1,000,000	-	-	1,000,000	Assets
	1&2# Air preheater energy saving project		-	1,000,000	-	-	1,000,000	Assets
	Development fund for Dayakou Project		400,000	-	-	-	400,000	Assets
	Sha A – Return of port dues		-	259,510	-	-	259,510	Revenue
	Social security treatment clearing account relating to firm's stable position subsidy		-	102,370	-	-	102,370	Revenue
			<u>103,019,987</u>	<u>35,265,981</u>	<u>(12,635,896)</u>	<u>-</u>	<u>125,650,072</u>	

# GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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- IV Notes to the consolidated financial statements(continued)
- (35) Deferred income(continued)
- (a) Government grants(continued)
- (i) In 2015, as required by the local government, the pump house of Shajiao A located in Changdi Road, Dianchang town, was required to remove, relocate and reconstruct with provisional estimation of compensation amounting to RMB 20,320,000. As at 9 October 2016, since the Humen government finally confirmed total compensation of RMB 30,411,446, the newly added compensation for removal and reconstruction this year is RMB 7,211,446, which shall be disclosed under special payables on receipt of the amount, transferred into deferred income when expenditures for removal and reconstruction incur, and amortized upon completion of relevant construction over 30 years.
- (ii) This represents the energy-saving funds received by Shajiao A for stepping up the rubber ball cleaning device for the 5# generation set of desulfurization project in 2012, the government grant received in 2015 for reform of energy saving and emission reduction technology, and assistance fund received in 2016 for representative demonstration project under the energy saving and emission reduction policy. It is amortised over the estimated useful lives of 13 years from the completion date of the project.
- (iii) This represents the value-added tax refunded for purchase of PRC-produced equipment received by Shibeishan. It is amortised over the estimated useful lives of 13 years from the completion date of the project.
- (iv) This represents the reform and development fund received by Zhanjiang Wind Power in 2011 in relation to Yongshi Wind Project. The Group amortises the fund during the income period of the project on an average basis.
- (v) This represents the No.1918, No.1692 and No.1794 incentives of energy efficiency of power plant of Dongguan city received by Shajiao A in 2014, 2015 and 2016 respectively. It is amortised over the estimated useful lives of 13 years from the completion date of the project.
- (vi) This represents the No.1740 central government funds for energy conservation and emission reduction under policy in previous years received by Shajiao A in 2016, mainly aiming at the renovation project for through-flow of 330MV turbine units in Shajiao A.

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IV Notes to the consolidated financial statements(continued)

(36) Long-term employee benefits payable

	31 December 2016	31 December 2015
Termination benefits(a)	106,185,517	61,863,384
Other long-term employee benefits payable(b)	40,345,908	42,577,766
Less: To be paid within one year	(23,699,176)	(18,614,024)
	<u>122,832,249</u>	<u>85,827,126</u>

Early retirement benefits that are to be paid within one year are listed in employee benefits payable.

A portion of employees of the Group has enrolled in early retirement. As at the balance sheet date, the actuarial assumption for early retirement benefit of the Group is:

	31 December 2016	31 December 2015
Discount rate	2.70% to 4.27%	2.80% to 4.91%

Retirement benefits included in current profit or loss are:

	2016	2015
General and administrative expenses	78,442,638	23,340,124
Finance expenses	<u>93,078</u>	<u>18,506</u>

- (a) According to the Group's regulations for internal retirement of employees, employees can apply for early retirement before statutory retirement age. Employees can obtain salary on a monthly basis by a certain ratio of the original salary until they reach the statutory retirement age. Management expects the termination benefits to be paid in the future are determined by the present value of cash flow, when accrued the above termination benefits. As at 31 December 2016, the Group calculated the expected expense for each employee eligible for early retirement in each year before the statutory retirement age in accordance with the related regulations for internal retirement and estimated the present value of future termination benefits by treasury bond interest rate of 2.70% to 4.27% (2015: 2.80% to 4.91%) of the same period. On 31 December 2016, the Group transferred the termination benefits of RMB 88,057,393 (2015: RMB 48,280,958) due over one year into long-term employee benefits payable in accordance with the Accounting Standards for Business Enterprises No. 9 - Employee Compensation carried out on 1 July 2014. Termination benefit due within one year totalled at RMB 18,128,124 (2015: RMB 13,582,426) are recognised in employee benefits payable.

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(36) Long-term employee benefits payable(continued)

(b) According to the relevant regulations in Dongguan, Shaoguan and Zhanjiang, individual participating basic medical insurance for urban residents shall continue to make contribution until he reaches the regulated contribution years after he reaches the statutory retirement age, if his accumulated contribution years do not satisfy the local regulations. The Group makes provisions for medical insurance by estimating the present value of cash flow for medical insurance payment. As at 31 December 2016, the Group, by a certain ratio of the original salary, calculated the expected expense for each employee in each year in accordance with the related regulations for internal retirement and estimated the present value of future termination benefits by treasury bond interest rate of 2.70% to 4.27% (2015: 2.80% to 4.91%) in the same period. As at 31 December 2016, other long-term employee benefits payable totalled at RMB 40,345,908 (31 December 2015: RMB 42,577,766), and the other long-term employee benefits payable due within one year amounted to RMB 5,571,052 (31 December 2015: RMB 5,031,598) charged into employee benefits payable.

(37) Other non-current liabilities

	31 December 2016	31 December 2015
Capital injection	<u>39,000,000</u>	<u>39,000,000</u>

As at 31 December 2016 and 31 December 2015, the Group's other non-current liabilities represent the capital injection received by Yuejiang Power from minority owners. However, such capital injection was recorded as other non-current liabilities as the registration for changes of business license has not been completed.



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IV Notes to the consolidated financial statements(continued)

(38) Paid-in capital

	31 December 2015	Increase / decrease during the year				Sub-total	31 December 2016
		Issuance of new shares	Bonus	Provident fund conversion	Others		
Shares subject to trading restriction:							
- Shares held by domestic non-state-owned legal person	1,893,342,621	-	-	-	-	-	1,893,342,621
- Other domestic shares							
Including: Shares held by domestic non-state-owned legal person	4,620,666	-	-	-	-	-	4,620,666
Shares held by domestic natural person	3,536	-	-	-	-	-	3,536
Shares not subject to trading restriction							
- RMB ordinary shares	2,553,909,163	-	-	-	-	-	2,553,909,163
- Domestic listed foreign shares	798,408,000	-	-	-	-	-	798,408,000
	<u>5,250,283,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,250,283,986</u>

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IV Notes to the consolidated financial statements(continued)

(38) Paid-in capital(continued)

	31 December 2014	Increase / decrease during the year					31 December 2015
		Issuance of new shares	Bonus	Provident fund conversion	Others	Sub-total	
Shares subject to trading restriction:							
- Shares held by non-state-owned legal persons	1,577,865,257	-	315,573,052	-	(95,688)	315,477,364	1,893,342,621
- Other domestic shares							
Including: Shares held by domestic non-state-owned legal person	4,272,301	-	854,460	-	(506,095)	348,365	4,620,666
Shares held by domestic natural person	67,831	-	13,566	-	(77,861)	(64,295)	3,536
Shares not subject to trading restriction							
- RMB ordinary shares	2,127,691,266	-	425,538,253	-	679,644	426,217,897	2,553,909,163
- Domestic listed foreign shares	665,340,000	-	133,068,000	-	-	133,068,000	798,408,000
	<u>4,375,236,655</u>	<u>-</u>	<u>875,047,331</u>	<u>-</u>	<u>-</u>	<u>875,047,331</u>	<u>5,250,283,986</u>

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IV Notes to the consolidated financial statements(continued)

(39) Capital surplus

	31 December 2015	Additions during the year	Decreases during the year	31 December 2016
Share premium	4,445,477,866	-	-	4,445,477,866
Revaluation reserve	119,593,718	-	-	119,593,718
Investment from Yudean	395,000,000	-	-	395,000,000
Share of interest in investees	24,876,079	-	(4,090,897)	20,785,182
Transfer from capital surplus recognised under previous accounting system	20,474,592	-	-	20,474,592
Others	1,654,903	21,217	-	1,676,120
	<u>5,007,077,158</u>	<u>21,217</u>	<u>(4,090,897)</u>	<u>5,003,007,478</u>
	31 December 2014	Additions during the year	Decreases during the year	31 December 2015
Share premium	4,439,517,054	5,960,812	-	4,445,477,866
Revaluation reserve	119,593,718	-	-	119,593,718
Investment from Yudean	395,000,000	-	-	395,000,000
Share of interest in investees	22,194,784	2,681,295	-	24,876,079
Transfer from capital surplus recognised under previous accounting system	20,474,592	-	-	20,474,592
Others	1,652,919	1,984	-	1,654,903
	<u>4,998,433,067</u>	<u>8,644,091</u>	<u>-</u>	<u>5,007,077,158</u>

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IV Notes to the consolidated financial statements(continued)

(40) Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2016				
	31 December 2015	Attributable to the parent after tax	31 December 2016	Accruals before income tax in the current year	Less: Amounts previously recognised in other comprehensive income transferred out in the current year	Less: Income tax	Attributable to the parent after tax	Attributable to the NCI after tax
Items that may be reclassified to profit or loss								
Share of other comprehensive income of an equity-accounted investee	22,192,308	(439,064)	21,753,244	(439,064)	-	-	(439,064)	-
Changes in fair value of available-for-sale financial assets	223,516,407	(100,210,636)	123,305,771	(133,614,180)	-	33,403,544	(100,210,636)	-
	245,708,715	(100,649,700)	145,059,015	(134,053,244)	-	33,403,544	(100,649,700)	-
	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2015				
	31 December 2014	Attributable to the parent after tax	31 December 2015	Accruals before income tax in the current year	Less: Amounts previously recognised in other comprehensive income transferred out in the current year	Less: Income tax	Attributable to the parent after tax	Attributable to the NCI after tax

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Items that may be reclassified to profit or loss								
Share of other comprehensive income of an equity-accounted investee	21,931,111	261,197	22,192,308	261,197	-	-	261,197	-
Changes in fair value of available-for-sale financial assets	150,565,292	72,951,115	223,516,407	97,268,153	-	(24,317,038)	72,951,115	-
	<u>172,496,403</u>	<u>73,212,312</u>	<u>245,708,715</u>	<u>97,529,350</u>	-	<u>(24,317,038)</u>	<u>73,212,312</u>	-

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IV Notes to the consolidated financial statements(continued)

(41) Surplus reserves

	31 December 2015	Addition in the current year	Decreases during the year	31 December 2016
Statutory surplus reserves	2,133,658,624	295,088,584	-	2,428,747,208
Discretionary surplus reserves	3,678,533,151	737,721,459	-	4,416,254,610
	<u>5,812,191,775</u>	<u>1,032,810,043</u>	<u>-</u>	<u>6,845,001,818</u>

	31 December 2014	Addition in the current year	Decreases during the year	31 December 2015
Statutory surplus reserves	1,847,576,221	286,082,403	-	2,133,658,624
Discretionary surplus reserves	2,963,327,144	715,206,007	-	3,678,533,151
	<u>4,810,903,365</u>	<u>1,001,288,410</u>	<u>-</u>	<u>5,812,191,775</u>

In accordance with the PRC Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserves. The Company can cease appropriation when the statutory surplus reserves accumulates to more than 50% of the registered capital. The appropriation from discretionary surplus reserves should be approved by the Board of Directors at the general meeting of equity owners. The surplus reserves can be used to cover the loss or increase the share capital upon approval.

According to the resolution at the general meeting of equity owners on 20 May 2016, the Company appropriated 10% of net profit for 2015, amounted to RMB 295,088,584 (2015: 10% of net profit for 2014, amounted to RMB 286,082,403), to the statutory surplus reserves, and appropriated 25% of net profit for 2015, amounted to RMB 737,721,459(2015: 25% of net profit for 2014, amounted to RMB 715,206,007), to discretionary surplus reserves.

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IV Notes to the consolidated financial statements(continued)

(42) Undistributed profits

	2016	2015
Opening balance of undistributed profits	7,439,335,347	6,952,985,107
Add: Net profit attributable to the equity owners of the Company	936,534,941	3,237,733,312
Less: Appropriation to statutory surplus reserves	(295,088,584)	(286,082,403)
Appropriation to statutory discretionary surplus reserves	(737,721,459)	(715,206,007)
Dividends payable on ordinary shares(a)	(1,207,565,317)	(875,047,331)
Transferred to paid-in capital	-	(875,047,331)
Ending balance of undistributed profits	6,135,494,928	7,439,335,347

(a) Under the approval of the general meeting of equity owners on 20 May 2016, the Company distributed RMB 2.3 of cash dividends for every 10 shares of 5,250,283,986 shares held by the equity owners with total amount of RMB 1,207,565,317.

(b) Undistributed profits at the end of the year

The surplus reserves attributable to the parent company appropriated by subsidiaries this year was RMB 170,679,326 (2015: RMB 235,868,227).

As at 31 December 2016, the consolidated retained earnings attributable to the company included an appropriation of RMB 2,178,241,202 (31 December 2015: RMB 2,007,561,876) to surplus reserves made by the Company's subsidiaries.

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IV Notes to the consolidated financial statements(continued)

(43) Revenue and cost of sales

	2016	2015
Revenue from main operations	22,522,639,179	25,527,421,644
Revenue from other operations	158,480,843	196,389,172
	<u>22,681,120,022</u>	<u>25,723,810,816</u>
	2016	2015
Revenue from main operations	17,750,728,050	18,004,382,092
Revenue from other operations	42,898,332	49,372,667
	<u>17,793,626,382</u>	<u>18,053,754,759</u>

(a) Revenue and cost of sales from main operations

	2016		2015	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales from electricity	22,342,322,648	17,642,493,659	25,385,066,625	17,901,739,976
Rendering of service	110,563,280	54,898,258	72,016,608	50,687,743
Sales from steam	69,753,251	53,336,133	70,338,411	51,954,373
	<u>22,522,639,179</u>	<u>17,750,728,050</u>	<u>25,527,421,644</u>	<u>18,004,382,092</u>

(b) Revenue and cost of sales from other operations:

	2016		2015	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales from coal ash	65,549,708	17,272,560	109,461,097	25,701,797
Sales from materials	58,627,109	23,421,697	61,632,082	21,436,447
Rental income	9,538,280	259,375	11,071,005	391,569
Sales from CDM	164,291	-	2,805,445	730,002
Others	24,601,455	1,944,700	11,419,543	1,112,852
	<u>158,480,843</u>	<u>42,898,332</u>	<u>196,389,172</u>	<u>49,372,667</u>

Information for revenue, expenses, and profit from main operating activities are included in the segment reporting.



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IV Notes to the consolidated financial statements(continued)

(44) Taxes and surcharges

	2016	2015	Tax rate
City maintenance and construction tax	104,255,132	122,178,031	Note III
Educational surcharges	87,152,497	99,820,185	Note III
Property tax(a)	57,974,658	-	
Land use tax(a)	37,827,914	-	
Stamp tax(a)	10,275,621	-	
Business tax	1,388,194	8,128,839	Note III
Vehicle and vessel usage tax (a)	258,209	-	
Others	558,741	-	
	<u>299,690,966</u>	<u>230,127,055</u>	

- (a) Circular [2016] No.22 *Provisions of Accounting Treatments on Value-Added Tax* issued by Ministry of Finance in December of 2016 go into effect on the day of promulgation. Transactions between 1 May 2016 and the implementation date of the provision should be adjusted under the provision. According to relevant requirements, the Group should list property tax, land use tax, vehicle and vessel usage tax, stamp tax, etc. from May to December in 2016 amounting to RMB 106,336,402 in "Taxes and surcharges". As for property tax, land use tax, vehicle and vessel usage tax, stamp tax, etc. of RMB 18,086,180 from January to April in 2016 are still listed in "Operating expenses". Retrospective adjustment should not be made to the year of 2015. Other matters in the provision have immaterial effect on the Group's financial statements.

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IV Notes to the consolidated financial statements(continued)

(45) General and administrative expenses

	2016	2015
Labour cost	328,629,069	310,515,312
Labour insurance	58,979,822	105,314,711
Amortisation of intangible assets	52,578,628	50,575,510
Depreciation(IV(11)(12))	43,273,685	45,909,330
Fire safety expenses	42,250,964	40,804,802
Property management fee	29,369,214	26,754,016
Office expenses	22,661,698	18,327,901
Sewage charges	21,729,363	28,038,849
Taxation(IV(44)(a))	18,086,180	113,682,709
Maintenance cost	16,456,262	9,914,787
Research and development expense	15,362,442	21,608,868
Afforestation fees	13,988,006	15,443,272
Rental expenses	12,357,658	9,946,563
Agency fee	10,968,815	19,368,819
Traffic expenses	10,283,874	11,291,512
Embankment fee	8,451,791	13,051,380
Travel expenses	6,494,572	7,303,369
Entertainment expenses	5,151,228	8,556,131
Service charge	5,271,885	7,124,899
Insurance expenses	3,555,224	3,830,063
Expenses on board meetings	762,295	1,181,100
Others	49,217,348	53,194,778
	<u>775,880,023</u>	<u>921,738,681</u>

(46) Finance expenses - net

	2016	2015
Interest expense of debt and financing notes	120,893,956	115,159,263
Interest expense of borrowings	1,326,829,002	1,659,564,930
Less: Capitalised interest expenses	<u>(171,903,394)</u>	<u>(282,283,467)</u>
Interest expense sub-total	1,275,819,564	1,492,440,726

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Interest expense of discounted notes	34,408,880	19,259,944
Amortization of interest adjustment on long-term bonds(Notes IV(32))	952,857	1,403,262
Less: Interest income	(68,416,457)	(72,648,355)
Net exchange income	10,835,311	7,035,148
Amortisation of unrecognised finance expense	105,231,373	126,881,204
Other financial expenses	10,866,650	7,164,989
	1,369,698,178	1,581,536,918

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IV Notes to the consolidated financial statements(continued)

(47) Asset impairment losses

	2016	2015
Provision for / (Reversal of) other receivables	58,407	(18,463)
Impairment loss on inventories	(119,561)	854,742
Impairment loss on fixed assets	707,243,955	14,628,035
Impairment loss on construction in progress	51,087,328	7,443,126
	<u>758,270,129</u>	<u>22,907,440</u>

(48) Returns on investments

	2016	2015
Gain from long-term equity investment sunder equity method	290,956,937	485,710,643
Gain from disposal of available-for-sale financial assets	-	196,924,968
Investment income recognised from share swap	-	71,253,234
Investment income from holding of available-for-sale financial assets	50,151,450	46,909,270
Others	256,276	600,000
	<u>341,364,663</u>	<u>801,398,115</u>

There is no significant restriction of return on investment remittance for the Group.

(49) Non-operating income

	2016	2015	Amount recognised in non-recurring profit or loss in 2016
Total gain on disposal of non-current assets	17,252	2,053,224	17,252
Including: Gain on disposal of fixed assets	17,252	2,053,224	17,252
Government grants(a)	27,389,745	57,848,230	19,074,097
Claim indemnity income	29,433,641	35,073,591	29,433,641
Exemptions of payables (b)	38,770,319	-	38,770,319
Others	3,649,135	3,455,608	3,649,135
	<u>99,260,092</u>	<u>98,430,653</u>	<u>90,944,444</u>

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IV Notes to the consolidated financial statements(continued)

(49) Non-operating income(continued)

(a) Breakdown of government grants

	2016	2015
Amortisation of government grant (Notes IV(35))	12,635,896	11,174,323
Other government grants relating to income:		
VAT refund	8,219,325	11,091,879
Special incentive on energy conservation and emission reduction	3,455,583	2,846,311
Subsidy for stock generation	96,323	30,643,893
Others	2,982,618	2,091,824
	<u>27,389,745</u>	<u>57,848,230</u>

(b) Exemptions of payables

Xuwen Wind Power purchased 33 air blower set, accessory equipment, technical materials and service from the third-party equipment supplier in 2010. After delivery, the balance payment of USD 7,670,000, equivalent to RMB 45,000,000, remain unpaid since the maintenance service have not implemented completely within the period of warranty. On 8 January 2016, the equipment supplier filed for bankruptcy. Both sides reached agreement to terminate the contract on January 2016, and the equipment supplier exempted Xuwen Wind Power's payables of RMB 38,770,319 to offset problems of maintenance service within the period of warranty, spare parts, authentication and performance guarantee of equipment and other problems aftermath.

(50) Non-operating expenses

	2016	2015	Amount recognised in non-recurring profit or loss in 2016
Total loss from disposal of non-current assets	3,740,573	10,075,720	3,740,573
Including: Loss from disposal of fixed assets	3,740,573	10,075,720	3,740,573
Fine for delaying payment (a)	208,701,041	5,642,743	208,701,041
Others	4,423,160	2,889,135	4,423,160
	<u>216,864,774</u>	<u>18,607,598</u>	<u>216,864,774</u>

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IV Notes to the consolidated financial statements(continued)

(50) Non-operating expenses(continued)

- (a) This mainly represents administrative penalty notice about RMB 172,000,000 on 14 November 2016, since Pinghai Power implemented engineering and bank revetment project during August 2007 and June 2016 without permission. Pinghai Power has applied for administrative reconsideration, the result is not yet. According to the Agreement on Purchase of Assets by Issuing Shares, Yudean promised that, any losses incurred by potential significant litigation, arbitration, administrative penalties and/or other violation of relevant laws and regulations before settlement day that failed to reflect in the evaluation report, would be afforded by Yudean. Yudean will compensate the Company in cash prorated on the basis of the share transaction of target assets, completed within 30 days after legally declared losses. Therefore Yudean will compensate the above actual loss based on results of administrative reconsideration or litigation outcome. Due to the administrative reconsideration result of the above mentioned penalty case has not been determined. As at 31 December 2016 the Group could not confirm the amount of compensation to be received from Yudean Group, therefore the Group has not yet booked any receivable or income.

(51) Income tax expense

	2016	2015
Current tax expense for the year based on tax laws and related regulations	822,940,083	1,223,372,952
Changes in deferred tax assets/liabilities	(204,095,194)	(60,388,679)
	618,844,889	1,162,984,273

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IV Notes to the consolidated financial statements(continued)

(50) Non-operating expenses(continued)

Reconciliation between income tax expense and accounting profit is as follows:

	2016	2015
Profits before taxation	1,904,907,160	5,793,127,680
Expected income tax at the rate of 25%	476,226,790	1,448,281,920
Effect of tax preferential from subsidiaries	(10,421,387)	(788,462)
Non-taxable income	(88,678,565)	(174,378,606)
Cost, expense, and loss not deductible for tax purposes	91,186,106	26,531,472
Deductible losses of unrecognized deferred tax assets in current period	41,936,503	1,910,226
Temporary difference on unrecognized deferred tax assets in current period	52,134,316	11,988,552
Deductible losses of unrecognized deferred tax assets in prior period	(626,778)	(88,393,676)
Temporary difference on unrecognized deferred tax assets in prior period	(11,273,674)	(59,717,539)
Tax filing difference of income tax in prior years	33,989,056	(2,449,614)
Repayment of income tax by tax inspection	34,372,522	-
Income tax expense	618,844,889	1,162,984,273

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IV Notes to the consolidated financial statements(continued)

(52) Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated net profits attributable to the ordinary equity owners of the Company by the weighted average number of outstanding ordinary shares :

	2016	2015
Consolidated net profit attributable to ordinary equity owners of the company	936,534,941	3,237,733,312
Weighted average number of ordinary shares outstanding	5,250,283,986	5,250,283,986
Basic earnings per share	<u>0.18</u>	<u>0.62</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net profit after adjustment of potential dilutive ordinary shares attributable to ordinary equity owners of the Company by the adjusted weighted average number of ordinary shares outstanding. In 2016, the Company has no potential dilutive ordinary shares (2015: Nil). Therefore the diluted earnings per share are equal to the basic earnings per share.

(53) Expense by nature

Cost of sales, taxes and surcharges, selling and distribution expenses, general and administrative expenses, financial expenses, and asset impairment losses in the Income Statement are classified below according to nature:

	2016	2015
Raw material used	11,047,651,241	11,459,301,948
Employee benefits expenses	1,844,417,629	1,867,344,212
Depreciation and amortisation	3,991,792,274	3,701,616,264
Impairment losses on non-current asset	758,331,283	22,071,161
Rental expense	19,452,535	15,471,029
Financial expense	1,369,698,178	1,581,536,918
Maintenance expenses	970,267,291	1,057,824,144
Other expenses	998,362,412	1,106,738,630
	<u>20,999,972,843</u>	<u>20,811,904,306</u>



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FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts in RMB Yuan unless otherwise stated)

IV Notes to the consolidated financial statements(continued)

(54) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	2016	2015
Interest income	61,967,997	67,886,794
Government grant	70,933,827	21,697,888
Rental income	9,538,280	8,968,754
Claim and indemnity income	29,433,641	35,073,591
Others	3,649,135	3,455,608
	175,522,880	137,082,635

(b) Cash paid relating to other operating activities

	2016	2015
Insurance expenses	88,916,778	83,660,025
Sewage charges	62,109,458	65,502,256
Fire safety expenses	45,306,772	40,804,802
Property management fees	45,238,089	42,197,288
Office expenses	31,935,916	36,858,382
Traffic expenses	28,119,439	24,116,166
Utilities expense	22,928,170	26,384,932
Labour union funds	19,792,653	21,187,737
Rental expenses	19,452,535	17,645,723
Maintenance expenses	16,456,262	9,914,787
Research and development expenses	15,362,442	21,608,868
Travel expenses	11,748,240	12,827,835
Agency fee	10,968,815	19,368,819
Embankment fee	8,451,791	13,237,050
Entertainment expenses	5,177,418	10,394,788
Others	44,804,516	21,325,864
	476,769,294	467,035,322

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IV Notes to the consolidated financial statements(continued)

(54) Notes to consolidated cash flow statement(continued)

(c) Cash received from other financing activities

	2016	2015
Amount from Yuecai Investment	90,000,000	-
Income from odd lots	21,217	1,984
	<u>90,021,217</u>	<u>1,984</u>

(55) Supplementary information to the consolidated cash flow statements

(a) Supplementary information to the consolidated cash flow statements

Reconciliation from net profit to cash flows from operating activities

	2016	2015
Net profit	1,286,062,271	4,630,143,407
Add: Provision for assets impairment	758,270,129	22,907,440
Depreciation of fixed assets and investment properties	3,936,810,582	3,648,575,190
Amortisation of intangible assets and long-term deferred expenses	57,962,455	53,041,074
Losses on disposal of fixed assets	3,723,321	8,022,496
Financial expenses	1,427,247,985	1,649,758,920
Investment gains	(341,364,663)	(801,398,115)
Increase in deferred income tax	(203,813,125)	(60,388,679)
(Increase) / decrease in inventories	(179,379,057)	288,689,645
(Increase) / decrease in operating receivables	(446,056,749)	594,071,602
Increase in operating payables	2,405,312,669	409,014,165
Net cash flows from operating activities	<u>8,704,775,818</u>	<u>10,442,437,145</u>

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IV Notes to the consolidated financial statements(continued)

(55) Supplementary information to the consolidated cash flow statements(continued)

(a) Supplementary information to the consolidated cash flow statements(continued)

Change in cash and cash equivalent

	2016	2015
Cash at end of the year	5,184,873,650	5,227,406,725
Less:Cash at beginning of the year	(5,227,406,725)	(4,528,277,314)
Net (decrease) / increase in cash	<u>(42,533,075)</u>	<u>699,129,411</u>

(b) Cash and cash equivalents

	31 December 2016	31 December 2015
Cash on hand	49,457	78,223
Bank deposits on demand	5,184,824,193	5,227,328,502
	<u>5,184,873,650</u>	<u>5,227,406,725</u>

(56) Foreign currency monetary item

	31 December 2016		
	Balance of the original currency	Exchange rate	Balance of RMB
Cash and cash equivalents -			
USD	177	6.9370	1,230
HKD	12,880	0.8945	11,521
			<u>12,751</u>
Other current assets -			
USD	144,185	6.9370	1,000,209
Long-term borrowings -			
USD	11,282,733	6.9370	78,268,316
EUR	1,080,038	7.3068	7,891,621
			<u>86,159,937</u>
Current portion of non-current liabilities -			
USD	8,840,000	6.9370	61,323,080
EUR	314,641	7.3068	2,299,019
			<u>63,622,099</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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V Changes in consolidation scope

Subsidiaries established during the year:

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Registered capital	Shareholding percentage (%)	Acquisition method
Guangdong Yudean Yongan Natural Gas Thermal Power Co., Ltd.		Zhaoqing City	Electricity generation	100,000,000	90%	Investment
Guangdong Pingyuan Wind Power Co., Ltd.		Meizhou City	Electricity generation	30,000,000	100%	Investment
Guangdong Heping Wind Power Co., Ltd.		Heyuan City	Electricity generation	30,000,000	100%	Investment

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

VI Interest in other entities

(1) Interest in subsidiaries

(a) Composition of business group

Name	Principal place of business	Place of registration	Nature of business	Registered capital		Acquisition method
				Direct	Indirect	
Maoming Zhenneng Thermal Power Co., Ltd. (“Maoming Zhenneng”)	Maoming City	Maoming City	Electricity generation	66.61%	-	Investment
Guangdong Yudean Jinghai Power Co., Ltd. (“Jinghai Power”)	Jieyang City	Jieyang City	Electricity generation	65.00%	-	Investment
Zhanjiang Wind Power	Zhanjiang City	Zhanjiang City	Electricity generation	70.00%	-	Investment
Guangdong Yudean Anxin Electric Co., Ltd. (“Anxin Electric”)	Dongguan City	Dongguan City	Electricity generation	100.00%	-	Investment
Guangdong Yudean Humen Electric Co., Ltd. (“Humen Electric”)	Dongguan City	Dongguan City	Electricity generation	60.00%	-	Investment
Guangdong Yudean Bohe Coal Power Co., Ltd. (“Bohe Coal”)	Maoming City	Maoming City	Electricity generation	100.00%	-	Investment
Zhanjiang Yuheng Electric Co., Ltd. (“Yuheng Electric”)	Zhanjiang City	Zhanjiang City	Electricity generation	-	76.00%	Business combination under common control
Xuwen Wind Power	Zhanjiang City	Zhanjiang City	Electricity generation	-	70.00%	Investment
Guangdong Yudean Huadu Natural Gas Thermal Power Co., Ltd. (“Huadu Natural Gas”)	Guangzhou City	Guangzhou City	Electricity generation	65.00%	-	Investment
Guangdong Yudean Dabu Electric Co., Ltd. (“Dabu Electric”)	Meizhou City	Meizhou City	Electricity generation	100.00%	-	Investment
Guangdong Yudean Leizhou Wind Power Co., Ltd. (“Leizhou Wind Power”)	Leizhou City	Leizhou City	Electricity generation	80.00%	14.00%	Investment

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

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Guangdong Yudean Dianbai Wind Power Co., Ltd. (“Dianbai Wind Power”)	Maoming City	Maoming City	Electricity generation	-	100.00%	Investment
Zhanjiang Electric Co., Ltd. (“Zhanjiang Electric”)	Zhanjiang City	Zhanjiang City	Electricity generation	76.00%	-	Business combination under common control
Guangdong Yuejia Electric Co., Ltd (“ Yuejia Electric ”)	Meizhou City	Meizhou City	Electricity generation	58.00%	-	Business combination under common control

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

VI Interest in other entities(continued)

(1) Interest in subsidiaries(continued)

(a) Composition of business group(continued)

Name	Principal place of business	Place of registration	Nature of business	Registered capital		Acquisition method
				Direct	Indirect	
Yuejiang Energy	Shaoguan City	Shaoguan City	Electricity generation	90.00%	-	Business combination under common control
Zhanjiang Zhongyue Energy Co., Ltd (“ Zhongyue Energy ”)	Zhanjiang City	Zhanjiang City	Electricity generation	90.00%	-	Business combination under common control
Yudean Power Sales Co., Ltd.(“Power Sales”)	Guangzhou City	Guangzhou City	Electricity generation	100.00%	-	Investment
Yudean Qujie Wind Power Generation Co., Ltd. (“Qujie Power”)	Zhanjiang City	Zhanjiang City	Electricity generation	100.00%	-	Investment
Yudean Yangjiang Offshore Wind Power Co., Ltd. (“ Yangjiang Wind Power”)	Yangjiang City	Yangjiang City	Electricity generation	-	100.00%	Investment
Lincang Yudean Energy Co., Ltd. (“ Lincang Energy ”)	Lincang City	Lincang City	Electricity generation	100.00%	-	Business combination not under common control
Guangqian Electric	Shenzhen City	Shenzhen City	Electricity generation	100.00%	-	Business combination under common control
Guangdong Huizhou Natural Gas Power Co., Ltd. (“ Huizhou Natural Gas ”)	Huizhou City	Huizhou City	Electricity generation	67.00%	-	Business combination under common control
Pinghai Power	Huizhou City	Huizhou City	Electricity generation	45.00%	-	Business combination under common control
Shibeishan Wind Power	Jieyang City	Jieyang City	Electricity generation	-	70.00%	Business combination under common control
Guangdong Red Bay Power Generation Co., Ltd.(“Red Bay Power”)	Shanwei City	Shanwei City	Electricity generation	65.00%	-	Business combination under common control

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Guangdong Province Wind Power Co., Ltd	Guangzhou City	Guangzhou City	Electricity generation	100.00%	-	Business combination not under common control
Guangdong Yudean Pingyuan Wind Power Co., Ltd. (“Pingyuan Wind Power)	Meizhou City	Meizhou City	Electricity generation	-	100.00%	Investment
Guangdong Yudean Heping Wind Power Co., Ltd. (“Heping Wind Power)	Heyuan City	Heyuan City	Electricity generation	-	100.00%	Investment



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

VI Interest in other entities(continued)

(1) Interest in subsidiaries(continued)

(a) Composition of business group(continued)

Name	Principal place of business	Place of registration	Nature of business	Registered capital		Acquisition method
				Direct	Indirect	
Huilai Wind Power	Jieyang City	Jieyang City	Electricity generation	-	70.00%	Business combination not under common control
Guangdong Yuejiang Hongrui Power Technology Development Co., Ltd. (“Hongrui Technology”)	Shaoguan City	Shaoguan City	Electricity generation	-	90.00%	Investment
Guangdong Yudean Yongan Natural Gas Thermal Power Co., Ltd. (“Yongan Natural gas”)	Zhaoqing City	Zhaoqing City	Electricity generation	90%	-	Investment

(i) Pinghai Power was bought by the Company in 2012 by offered non-public shares from Yudean. According to the agreement between Yudean and Guangdong Huaxia Electric Power Development Co., Ltd. (“Huaxia Electric”), which holds 40% share interest in Pinghai Power, the delegated shareholder and director from Huaxia Electric maintain consensus with those of Yudean when exercising their voting rights during shareholder and board meeting; while after Yudean transferred its 45% shareholding of Pinghai Power to the Company, the delegated shareholder and director from Huaxia Electric also maintain consensus with those of the Company when exercising their voting rights during shareholder and board meeting. On account of the above facts, with the control power of Pinghai Power, Huaxia Electric enjoys variable returns through involving in its relevant activities and has the ability to make use of its power to influence the amount of returns. Therefore, the Company owns the control power over Pinghai Power.

(ii) The voting rights proportion of the Company over its subsidiary: Zhanjiang Wind Power, Xuwen Wind Power, Leizhou Wind Power, Yuejia Electric and Shibeishan are 60.00%, 60.00%, 60.00%, 56.00% and 60.00%, respectively, determined based on relevant rules of these subsidiaries’ articles of association. As such, the Company’s voting proportion and shareholding percentage are not consistent.

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VI Interest in other entities(continued)

(1) Interest in subsidiaries(continued)

(b) Material non-wholly owned subsidiaries

Name of the subsidiary	Proportion of ownership interest held by minority interests	Profit and loss allocated to minority interests during the year	Dividend declared to minority interests during the year	Balance of minority interest as at 31 December 2016
Jinghai Power	35.00%	146,129,156	305,512,784	1,310,145,541
Zhanjiang Electric	24.00%	33,589,845	74,193,926	957,425,771
Huizhou Natural Gas	33.00%	67,728,540	59,098,862	523,275,000
Pinghai Power	55.00%	198,143,691	236,975,693	1,072,525,326
Red Bay	35.00%	72,575,703	203,672,403	1,146,200,539

Key financial information of material non-wholly owned:

	31 December 2016						31 December 2015					
	Current Assets	Non-current Assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities	Current Assets	Non-current Assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Jinghai Power	1,040,862,549	1,869,631,166	2,910,493,715	1,945,979,818	1,221,240,924	3,167,220,742	1,101,435,458	1,627,210,855	2,728,646,313	1,542,006,215	1,987,985,332	3,529,991,547
Zhanjiang Electric	1,635,811,946	1,628,729,534	3,264,541,480	266,643,782	8,623,652	275,267,434	1,694,755,639	1,849,562,051	4,544,317,690	378,318,484	7,541,487	385,859,971
Huizhou Natural Gas	310,256,019	1,261,163,527	1,571,419,546	985,737,730	-	985,737,730	479,548,424	1,706,876,588	2,186,425,012	823,263,737	-	823,263,737
Pinghai Power	1,305,072,062	1,218,722,817	2,523,794,879	1,778,709,983	1,795,038,849	3,573,748,832	1,112,094,074	1,599,096,449	2,711,190,523	1,041,438,685	1,649,802,150	4,361,240,835
Red Bay	952,162,266	1,568,486,587	2,520,648,853	1,218,790,170	1,027,000,000	2,245,790,170	991,869,726	1,502,925,134	2,494,794,860	2,423,774,177	1,421,600,000	3,845,374,177

2016

2015

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	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Jinghai Power	4,045,943,116	417,511,874	417,511,874	1,512,227,824	5,015,690,210	969,881,853	969,881,853	2,435,723,560
Zhanjiang Electric	1,546,826,426	139,957,686	139,957,686	288,752,081	2,040,013,797	457,330,230	457,330,230	770,306,905
Huizhou Natural Gas	1,651,548,233	205,238,001	205,238,001	401,856,187	1,561,923,482	198,986,066	198,986,066	612,815,150
Pinghai Power	2,367,109,748	360,261,257	360,261,257	1,001,697,986	3,239,311,243	815,803,324	815,803,324	1,749,301,834
Red Bay	3,160,742,921	207,359,152	207,359,152	1,888,050,299	3,884,965,789	646,579,058	646,579,058	1,900,348,504

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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- VI Interest in other entities(continued)
- (2) Interests in joint venture or associates
- (a) Material joint venture or associates

	Principal place of business	Place of registration	Nature of business	Strategic to the Group's activities	Shareholding percentage	
					Direct	Indirect
Joint venture -						
Industry Fuel	Guangzhou City	Guangzhou City	Fuel trade	Yes	50.00%	-
Associates -						
Yudean Finance	Guangzhou City	Guangzhou City	Finance	Yes	25.00%	-
Taishan Electric	Taishan city	Taishan city	Power generation	Yes	20.00%	-

The Group's ownership to above equity investments are accounted for using equity method.

- (b) Key financial information of material joint venture

	31 December 2016	31 December 2015
	Industry Fuel	Industry Fuel
Current assets	2,795,941,710	4,076,268,154
Including: Cash and cash equivalents	765,618,880	2,887,513,348
Non-current assets	243,947,673	249,325,646
Total assets	3,039,889,383	4,325,593,800
Current liabilities	1,870,177,206	3,121,089,652
Net Assets	1,169,712,177	1,204,504,148
Equity attributable to the equity owners of the Company	1,169,712,177	1,204,504,148
Group's share of net assets (i)	584,856,088	602,252,074
Adjustments	(614,728)	(614,728)
Carrying value of equity investment in joint venture	584,241,360	601,637,346
Operating income	14,358,128,349	15,772,612,090
Financial expense	(7,792,812)	(29,221,828)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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Interest income	14,174,369	36,736,862
Interest expense	1,109,250	-
Income tax expense	42,865,045	58,151,568
Net profit	131,624,701	157,196,446
Total comprehensive income	131,624,701	157,196,446
Dividends received from associates during the current period	79,989,336	74,772,253

VI Interest in other entities(continued)

(2) Interests in joint venture or associates

(b) Key financial information of material joint venture

(i) The Group calculated the asset share in proportion to existing holdings on the basis of amount attributable to the Company in combined financial statement of joint venture. The combined financial statement of joint venture also takes the influence of the fair value of identifiable assets and liabilities when obtaining investment as well as unified accounting system into consideration.

(c) Key financial information of material associates

	31 December 2016		31 December 2015	
	Yudean Finance	Taishan Electric	Yudean Finance	Taishan Electric
Current assets	5,211,498,322	1,442,926,060	5,864,097,820	1,309,902,206
Non-current assets	11,831,239,639	13,558,011,862	11,228,042,973	14,401,761,966
Total assets	17,042,737,961	15,000,937,922	17,092,140,793	15,711,664,172
Current liabilities	14,425,370,556	5,147,444,203	14,464,523,324	4,912,638,127
Non-current liabilities	-	-	-	277,500,000
Total liabilities	14,425,370,556	5,147,444,203	14,464,523,324	5,190,138,127
Minority interests	-	1,039,584	-	-
Equity attributable to the equity owners of the Company	2,617,367,405	9,852,454,135	2,627,617,469	10,521,526,045
Group's share of net assets(i)	654,341,853	1,970,490,827	656,904,369	2,104,305,209
Add:				
- Goodwill	13,325,000	-	13,325,000	-
Carrying value of equity investment in associates	667,666,853	1,970,490,827	670,229,369	2,104,305,209

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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- VI Interest in other entities(continued)
- (2) Interests in joint venture or associates(continued)
- (c) Key financial information of material associates(continued)

	31 December 2016		31 December 2015	
	Yudean Finance	Taishan Electric	Yudean Finance	Taishan Electric
Operating income	590,119,177	6,309,810,906	662,345,486	7,607,483,589
Net profit	227,377,359	1,030,668,936	318,870,586	1,528,736,740
Other comprehensive income	-	(3,220)	-	-
Total comprehensive income	227,377,359	1,030,665,716	318,870,586	1,528,736,740
Dividends received from associates during the current period	59,406,856	306,239,183	57,535,462	410,130,428

- (i) The Group calculated the asset share in proportion to existing holdings on the basis of amount attributable to the Company in combined financial statement of associates. The combined financial statement of associates also takes the influence of the fair value of identifiable assets and liabilities when obtaining investment as well as unified accounting system into consideration.

- (d) Financial information of immaterial associates is summarised as follows:

	2016	2015
Associates:		
Aggregate carrying value of investment	2,223,563,710	2,561,563,235
Aggregate amount based on shareholding		
Net (loss)/profit (i)	(905,554)	21,647,426
Other comprehensive (loss)/income(i)	(439,064)	261,197
Total comprehensive (loss)/income	<u>(1,344,618)</u>	<u>21,908,623</u>

- (i) The net profit and other comprehensive income both take the influence of the fair value of identifiable assets and liabilities when obtaining investment as well as unified accounting system into consideration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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VII Segment information

The reportable segments of the Group are independent business units providing different products or service, or in different regions. Different businesses and regions demand different technology and market strategies, the Group, therefore, separately manages production and operation activities, respectively evaluates operating results for each reportable segment in order to decide distribution of resources and assess their performance.

The Group possesses 8 reportable segments, in charge of power generating and selling in different regions in Guangdong Province.

Inter-segment transfers are measured by making reference to the sales to third parties.

The assets are allocated based on segment operation and location of assets; the liabilities are allocated according to segment operation; and expenses indirectly attributable to segments are allocated in accordance of proportion of income among segments.

For the purposes of assessing segment performance and distributing resources among segments, the Group's management regularly reviews assets, liabilities, income, expenses and business performance, attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible, other long-term assets and current assets, such as accounts receivable, with the exception of deferred tax assets and other unallocated corporate assets. Segment liabilities include payables and advances, bank borrowings and interest payable, long-term and short-term bonds and dividends payable attributable to the individual segments, but exclude deferred tax liabilities.

Financial performance is operating income (including trading revenues from external customers and inter-segment) deducting expenses, depreciation, amortisation and impairment losses attributable to the individual segments, and interest income and expense from cash balances and borrowings directly attributable to one of the segments. The calculation of pricing among inter-segments is determined with reference to similar terms for external parties.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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VII Segment information(continued)

(a) Segment information for the year ended 31 December 2016 is as follows:

	The Company	Jinghai	Pinghai Power	Red Bay	Maoming Zhenneng	Zhanjiang Electric	Zhongyue Energy	Others	Offsetting	Total
Revenue from external customers	2,029,821,268	4,045,943,116	2,367,109,748	3,160,742,921	1,385,525,272	1,538,339,761	1,305,549,969	6,848,087,967	-	22,681,120,022
Associate transaction income	55,762	-	-	-	-	8,486,665	-	32,909,529	(41,451,956)	-
Cost of sales from main operations	(1,632,941,869)	(3,023,351,550)	(1,604,469,871)	(2,399,446,338)	(1,193,440,593)	(1,206,167,130)	(1,186,585,047)	(5,544,180,279)	39,854,627	(17,750,728,050)
Interest income	8,853,201	2,094,821	5,568,834	1,489,845	1,629,421	23,127,292	2,094,821	23,558,222	-	68,416,457
Interest expense	(216,357,055)	(248,817,575)	(162,136,215)	(158,084,166)	(75,032,498)	-	(150,435,110)	(439,602,790)	31,511,587	(1,418,953,822)
Return on investment on joint venture and associates	286,517,653	-	-	-	-	-	-	4,439,284	-	290,956,937
Asset impairment loss	(85,722,207)	(71,082,445)	-	(185,046,826)	(48,399,956)	(99,763,144)	(214,553,161)	(87,566,487)	33,864,097	(758,270,129)
Depreciation and amortisation	(149,374,830)	(803,991,479)	(386,898,704)	(673,876,429)	(241,085,512)	(195,148,839)	(336,546,850)	(1,204,956,182)	86,551	(3,991,792,274)
Gross profit	294,389,329	577,512,708	514,056,212	302,217,187	24,547,127	212,472,632	(285,414,662)	491,863,910	(226,737,283)	1,904,907,160
Income tax expense	(14,527,156)	(160,000,834)	(153,794,955)	(94,858,035)	(6,915,095)	(72,514,946)	71,358,724	(186,786,816)	(805,776)	(618,844,889)
Net Profit	279,862,173	417,511,874	360,261,257	207,359,152	17,632,032	139,957,686	(214,055,938)	305,077,094	(227,543,059)	1,286,062,271
Total assets	9,768,752,508	9,891,480,438	6,523,794,879	7,457,579,958	3,055,176,239	4,223,302,053	4,894,482,366	26,940,628,694	(2,078,193,375)	70,677,003,760
Total Liabilities	5,007,337,148	6,167,220,742	4,573,748,832	4,245,790,170	1,968,982,019	275,267,434	3,702,319,250	17,210,337,616	(1,810,564,213)	41,340,438,998



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Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-
Long-term equity investments on joint venture and associates	5,370,651,524	-	-	-	-	-	-	61,986,226	-	5,432,637,750
Increase/decrease of non-current assets(i)	284,348,299	(757,579,689)	(380,373,632)	(934,438,547)	(256,965,509)	(229,237,976)	(604,436,296)	2,960,112,249	(1,442,693,689)	(1,361,264,790)

(i) Non-current assets do not include financial instruments, long-term equity investments, and deferred tax assets.

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VII Segment information(continued)

(b) Segment information for the year ended 31 December 2015 is as follows:

	The Company	Jinghai	Pinghai Power	Red Bay	Maoming Zhenneng	Zhanjiang Electric	Zhongyue Energy	Others	Offsetting	Total
Revenue from external customers	2,165,294,698	5,015,690,210	3,238,860,035	3,884,965,789	1,636,589,131	2,031,283,448	1,808,350,497	5,942,777,008	-	25,723,810,816
Associate transaction income	49,296	-	451,208	-	-	8,730,349	-	47,413,708	(56,644,561)	-
Cost of sales from main operations	(1,599,104,824)	(3,244,422,145)	(1,846,384,565)	(2,647,427,616)	(1,285,348,515)	(1,368,827,911)	(1,403,392,993)	(4,675,654,013)	66,180,490	(18,004,382,092)
Interest income	8,565,091	2,560,153	14,592,781	5,646,132	1,865,755	18,506,045	4,502,676	37,294,745	(20,885,023)	72,648,355
Interest expense	(292,447,317)	(351,033,273)	(262,880,303)	(250,825,293)	(106,092,989)	-	(194,063,102)	(247,989,192)	65,346,333	(1,639,985,136)
Return on investment on joint venture and associates	480,914,756	-	-	-	-	-	-	4,795,887	-	485,710,643
Asset impairment loss	-	-	-	(2,327)	(657,498)	(11,662,618)	-	(10,584,997)	-	(22,907,440)
Depreciation and amortisation	(151,647,058)	(815,617,402)	(384,306,315)	(723,782,992)	(249,462,963)	(213,483,688)	(348,593,140)	(813,220,463)	(1,502,243)	(3,701,616,264)
Gross profit	852,623,399	1,294,178,690	1,074,450,184	864,040,464	191,337,898	603,293,718	157,868,762	969,890,855	(214,556,290)	5,793,127,680
Income tax expense	(52,265,028)	(324,296,837)	(258,646,860)	(217,461,406)	(44,142,829)	(145,963,488)	(40,960,084)	(139,462,347)	60,214,606	(1,162,984,273)
Net Profit	800,358,371	969,881,853	815,803,324	646,579,058	147,195,069	457,330,230	116,908,678	830,428,508	(154,341,684)	4,630,143,407
Total assets	10,490,113,735	10,728,646,313	6,711,190,523	8,477,987,671	3,342,686,769	4,526,264,386	5,334,904,373	25,880,002,056	(3,571,861,683)	71,919,934,143
Total Liabilities	5,699,558,166	6,529,991,547	4,691,240,835	4,845,374,177	2,144,610,783	385,859,971	3,755,639,226	16,872,705,695	(3,227,241,654)	41,697,738,746

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Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-
Long-term equity investments on joint venture and associates	5,866,863,217	-	-	-	-	-	-	57,546,942	-	5,924,410,159
Increase/decrease of non-current assets(i)	490,138,423	(759,830,990)	(360,592,927)	(698,161,517)	(184,813,729)	(137,748,565)	(304,991,662)	6,299,299,278	(768,169,097)	3,575,129,214

(i) Non-current assets do not include financial instruments, long-term equity investments, and deferred tax assets.

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VII Segment information(continued)

(c) Geographical information

The Group's operating income derives from the development and operation of electric plants in China and all assets are within China.

(d) Major customer

In 2016, the revenue from GPGC and its subsidiaries was RMB 22,342,322,648 (2015: RMB 25,368,815,761), which took up 98.51% of the Group's operating income (2015: 98.62%).

VIII Related parties and related party transactions(continued)

(1) The Company

(a) General information of the Company

	Place of registration	Nature of business
Yudean	Guangzhou	Operation of power plant, management of electricity assets, construction of power plant and sales of electricity

Ultimate holding party of the Company is State-owned Assets Supervision And Administration Commission of the People's Government of Guangdong Province.

(b) Registered capital and changes in registered capital of the Company:

	31 December 2015	Additions for the year	Decreases during the year	31 December 2016
Yudean	23,000,000,000	-	-	23,000,000,000

(c) The percentages of shareholding and voting rights in the Company held by the Company

	31 December 2016		31 December 2015	
	Shareholding percentage	Voting percentage	Shareholding percentage	Voting percentage
Yudean	67.39%	67.39%	67.39%	67.39%

(2) Information of subsidiaries

The general information and other related information of the subsidiaries is set out in Note (1) (a).

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VIII Related parties and related party transactions(continued)

(3) Information of joint venture and associates

Apart from material joint venture and associates disclosed in Note VI, other joint venture and associates that involved in related party transaction with the Company is listed as follows:

Entity Name	Relationship with the Company
Industry Fuel	Joint venture
Taishan Electric	Associate
Shanxi Yudean Energy	Associate
Yudean Finance	Associate
Western Investment	Associate
Yudean Shipping	Associate
Huaneng Shantou Wind Power	Associate
Jiangkeng Hydropower	Associate
Yangshan Zhongxinkeng Electric	Associate

(4) Information of other related parties

	Relationship with the Group
Maoming Thermal	Controlled by Yudean
Shaoguan Electric Power Plan	Controlled by Yudean
Shaoguan Plant D	Controlled by Yudean
Shajiao C	Controlled by Yudean
Guangdong Yudean Hydroelectric Power Plant (“Xinfengjiang Electric Service”)	Controlled by Yudean
Guangdong Province Zhuhai Power Generation Co., Ltd. (“Zhuhai Electric”)	Controlled by Yudean
Guangdong Zhuhai Jinwan Power Co., Ltd. (“Zhuhai Jinwan Electric”)	Controlled by Yudean
Guangdong Zhanjiang Guangdong Biomass Power Generation Co., Ltd. (“Biomass Electric Power”)	Controlled by Yudean
Guangdong Yudean Property Management Co., Ltd. (“Yudean PM”)	Controlled by Yudean
Guangdong Yueyang Electric Power Co., Ltd. (“Yueyang Electric”)	Controlled by Yudean
Guangdong Yudean Information Technology Co., Ltd. (“Yudean Technology”)	Controlled by Yudean
Guangdong Yudean Property Investment Co., Ltd. (“Yudean PI”)	Controlled by Yudean
Zhuhai Grand Power Energy Development Co., Ltd. (“Zhuhai Grand Power”)	Controlled by Yudean

VIII Related parties and related party transactions(continued)

(4) Information of other related parties(continued)

Relationship with the Group

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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GYEP	Controlled by Yudean
Shenzhen Tianxin Insurance Brokers Co., Ltd. (“Shenzhen Tianxin”)	Controlled by Yudean
Guangzhou Huangpu Yuehua Power Plant Human Resources Co., Ltd. (“Huangpu Yuehua Human Resources”)	Controlled by Yudean
Guangzhou Huangpu Yuehua Power Plant Human Resources Co., Ltd. (“Huangpu Yuehua Human Resources”)	Controlled by Yudean
Inner Mongolia Yudean Menghua New Energy Co., Ltd. (“Menghua New Energy”)	Controlled by Yudean
Chaokang Investment Co., Ltd. (“Chaokang Investment”)	Controlled by Yudean
Guangdong Yuehua Power Co., Ltd. (“Yuehua Power”)	Controlled by Yudean
Guangdong Yangjiang Hailingwan LNG Co., Ltd. (“Hailingwan LNG”)	Controlled by Yudean
Guangdong Lianzhou Yuelian Power Plant Co., Ltd. (“Lianzhou Power”)	Controlled by Yudean
Guangdong Yudean Yunhe Power Co., Ltd. (“Yunhe Power”)	Controlled by Yudean
Guangdong Yuelong Power Generation Co., Ltd. (“Yuelong Power”)	Controlled by Yudean
Guangdong Yudean Zhongshan Thermal Power Plant (“Zhongshan Thermal”)	Controlled by Yudean
Guangdong Port of Yangjiang Harbour Service Co., Ltd., Co. (“Port of Yangjiang”)	Controlled by Yudean

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- (5) Related party transactions
- (a) Purchase of goods / receiving services(excluding key management personnel emolument)

Sales of goods / rendering of services:

Related parties	Type of related party transaction	Pricing policy and decision making process	2016	2015
Industry Fuel	Sale income from fuel	Agreement price	7,256,425,415	8,288,420,119
GYEP	Sale income from materials	Agreement price	90,943,208	105,842,766
Yudean PM	Provision of maintenance services	Agreement price	28,971,851	24,830,755
Yudean shipping	Provision of training services	Agreement price	23,401,132	26,375,472
Huangpu Electric	Provision of maintenance services	Agreement price	11,818,622	35,620,584
Yudean PI	Provision of rental services	Agreement price	7,842,444	6,205,571
Yangjiang Port	Provision of training services	Agreement price	7,648,589	8,152,039
Huangpu Yuehua Human Resource	Provision of human resource outsourcing service	Agreement price	3,705,387	5,760,000
Yudean Technology	Provision of management services	Agreement price	2,322,018	2,709,896
Maoming Thermal	Provision of rental services	Agreement price	1,223,857	1,251,483
Zhuhai Grand Power	Purchase equipment	Agreement price	635,598	377,774
Shaoguan Electric Generator Plant	Provision of rental services	Agreement price	43,700	62,696
Yuehua Power	Provision of rental services	Agreement price	36,156	36,156
Chaokang Investment	Provision of consulting service	Agreement price	-	242,380
Zhuhai Jinwan	Provision of staff training services	Agreement price	-	314,371
			<u>7,435,017,977</u>	<u>8,506,202,062</u>

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VIII Related parties and related party transactions(continued)

(5) Related party transactions(continued)

(a) Purchase of goods / receiving services(excluding key management personnel emolument)

Sales of goods / rendering of services:

Related parties	Type of related party transaction	Pricing policy and decision making process	2016	2015
GYEP	Sale income from by-products	Agreement price	104,804,428	133,516,839
Shajiao C	Provision of maintenance services	Agreement price	49,180,735	47,051,762
Yunhe Power	Provision of maintenance services	Agreement price	11,948,718	5,974,359
Zhuhai Jinwan	Provision of maintenance services	Agreement price	4,332,129	5,473,335
Zhongshan Thermal Power Plant	Provision of maintenance services	Agreement price	169,660	1,801,568
Huangpu Electric	Provision of maintenance services	Agreement price	83,499	142,313
Zhuhai Electric	Provision of maintenance services	Agreement price	-	2,510,049
			<u>170,519,169</u>	<u>196,470,225</u>

(b) Leases

The Group as a lessee:

Name of lessor	Type of leased assets	Leasing payment recognised in 2016	Leasing payment recognised in 2015
Yudean PI*	Housing rental	7,043,724	5,406,851
Maoming Thermal	Land lease	1,068,452	1,096,078
Yudean PI*	Billboard rental	798,720	798,720
Maoming Thermal	Housing rental	155,405	155,405
Shaoguan Electric Power Plant	Housing rental	43,700	52,440
Yehuda Electric Power Plant	Housing rental	36,156	36,156
Shaoguan Electric Power Plant	Equipment rental	12,000	10,256
		<u>9,158,157</u>	<u>7,555,906</u>

\* The above contracts will be updated every year and they have been renewed on 1 January 2017.



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VIII Related parties and related party transactions(continued)

(5) Related party transactions(continued)

(c) Guaranty

The Group as the guarantee

Guarantor	Amount	Starting date	Maturity date	Whether the guarantee has been fulfilled or not
Yudean	<u>1,500,000,000</u>	14/08/2013	13/08/2022	No

(d) Related party funding

(i) According to the 2016 Framework Agreement on Financial Services between the Company and Yudean Finance, Yudean Finance is committed to offer the Group a credit line of less than RMB 16 billion in 2016. In 2016, the Group borrowed a total of RMB 5,400,090,000 (2015: RMB 12,232,701,463) from Yudean Finance based on actual capital requirement. The Group paid an interest of RMB 281,054,753 (2015: RMB 313,372,347) for such borrowing (see Note VIII(5)(i)).

(ii) In 2016, the net amount of the Group's deposits in Yudean Finance increased by RMB 351,400,189 (2015: a net increase of RMB 1,385,682,307). Interests due from Yudean Finance amounted to RMB 62,372,555 (2015: RMB 59,388,723). In light of the frequent deposits and withdrawals, the Group only disclose the amount of net change in deposits.

(iii) As disclosed in Note IV(21), according to the three-party agreement signed among the Group, Yudean Finance and Industry Fuel, the amount of the bills issued to Industry Fuel by the Group and discounted with Yudean Finance represents the amount payable to Yudean Finance. Given the frequent transactions, only the net change of the balance of commercial acceptance bills discounted with Yudean Finance as at 31 December is disclosed. As at 31 December 2016, the net amount of Yudean Finance's discounting of acceptance bills issued by the Group to Industry Fuel increased by RMB 597,458,278. In 2016, the discounting interest charged by Yudean Finance and borne by the Group which was included in the discounting interest expenses in the year amounted to RMB 20,564,233.

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VIII Related parties and related party transactions(continued)

(5) Related party transactions(continued)

(iv) Transactions between the Company and its subsidiaries

In 2016, the net decrease in non-secured loans borrowed by the Company from its subsidiaries was RMB 600,000,000 (2015: net decrease of RMB 100,000,000) with an annual interest rate from 4.14% to 5.32% (2015: from 4.14% to 5.32%). An interest expense of RMB 34,809,951 (2015: RMB 57,555,042) was recognised. The balance of borrowings at the end of 2016 was RMB 300,000,000 (2015: RMB 900,000,000). The Company only discloses the net change in loan of capital with its subsidiaries due to the frequent transaction of funds.

In 2016, the net increase in non-secured loans provided by the Company to its subsidiaries was RMB 35,000,000 (2015: net decrease of RMB 500,000,000) with an annual interest rate from 4.41% to 4.75% (2015: 5.60% to 6.00%). An interest income of RMB 21,556,285 (2015: RMB 37,105,403) was recognised. The balance of borrowings at the end of 2016 was RMB 435,000,000 (2015: RMB 400,000,000). The Company only discloses the net change in loan of capital with its subsidiaries due to the frequent transaction of funds.

(e) Payment of pocket expenses

	2016	2015
Shaoguan Electric Power Plant	<u>10,974,060</u>	<u>12,712,137</u>

(f) Purchase of capacity of small firepower units

				2016	
Purchaser	Seller	Related party transaction	Pricing policy	Amount	% of similar transaction
Jinghai Power	Yuehua Power	Purchase of units capacity	Agreement price	<u>10,000,000</u>	<u>100%</u>
				2015	
Purchaser	Seller	Related party transaction	Pricing policy	Amount	% of similar transaction
Yuejiang Power	Yuehua Power	Purchase of units capacity	Agreement price	20,000,000	30%
Bohe Coal	Lianzhou Power	Purchase of units capacity	Agreement price	45,600,000	70%
				<u>65,600,000</u>	<u>100%</u>

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VIII Related parties and related party transactions(continued)

(5) Related party transactions(continued)

(g) Allocation of common expenses

The Company's branches Shajiao A and Shajiao C agreed to share common expenses based on their agreed allocation basis. In 2016, the common expenses received by the Group from Shajiao C was RMB 2,968,411 (2015: RMB 3,393,310).

(h) Interest income

	2016	2015
Deposit income paid from Yudean Finance	<u>62,372,555</u>	<u>59,388,723</u>
Percentage of interest income	91.17%	81.75%

(i) Interest expense

	2016	2015
Loan interest paid to Yudean Finance	281,054,753	313,372,347
Notes discounting interest paid to Yudean Finance	<u>20,564,233</u>	<u>11,027,433</u>
	<u>301,618,986</u>	<u>324,399,780</u>
Percentage of interest expenses	18.99%	19.78%

In 2016, the loans provided by Yudean Finance to the Group carry an annual interest rate from 3.92% to 5.31% (2015: from 3.92% to 5.60%).

(j) Joint investment

As at 31 December 2016, co-invested subsidiaries, joint venture, and associates between the Group and Yudean are listed below:

	Percentage of equity attributable to Yudean
Yudean Finance	65%
Industry Fuel	50%
Shanxi Yudean Energy	60%
Western investment	35%

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VIII Related parties and related party transactions(continued)

(5) Related party transactions(continued)

(k) Asset transfer

Related Party	Related party transaction	Pricing policy	2016	2015
Yuehua Power	Purchase of units capacity	Agreement price	10,000,000	20,000,000
Lianzhou Power	Purchase of units capacity	Agreement price	-	45,600,000
			<u>10,000,000</u>	<u>65,600,000</u>

(l) Remuneration of key management personnel

	2016	2015
Remuneration of key management personnel	<u>4,154,624</u>	<u>4,681,890</u>

(6) Amount due from / due to related parties

Amount due from related parties:

		31 December 2016		31 December 2015	
		Book Value	Provision for bad debts	Book Value	Provision for bad debts
Cash at bank and on hand	Yudean Finance	<u>4,799,004,094</u>	<u>-</u>	<u>4,447,603,905</u>	<u>-</u>
Accounts receivable	Shajiao C	26,500,702	-	24,221,331	-
	Zhuhai Electric	2,599,915	-	168,889	-
	Jinwan	279,747	-	2,018,914	-
	Biomass Electric	-	-	3,153,754	-
	Yuelong Power	2,502,752	-	-	-
	Yunhe Power	3,511,430	-	3,161,929	-
		<u>35,394,546</u>	<u>-</u>	<u>32,724,817</u>	<u>-</u>
Other receivables	GYEP	66,823,439	-	86,039,277	-
	Yudean PI	1,134,699	-	942,476	-
	Shajiao C	305,995	-	1,509,650	-
	Yudean PM	367,626	-	308,048	-
	Menghua Energy	16,320	-	380,895	-
	New				

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Hailingwan LNG	-	-	272,703	-
	<u>68,648,079</u>	<u>-</u>	<u>89,453,049</u>	<u>-</u>

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VIII Related parties and related party transactions(continued)

(6) Amount due from / due to related parties(continued)

Amount due from related parties(continued):

		31 December 2016		31 December 2015	
		Book Value	Provision for bad debts	Book Value	Provision for bad debts
Interests receivable	Yudean Finance	16,640,918	-	10,232,658	-
Dividends receivable	Shanxi Energy Yudean	-	-	4,000,000	-
Advances suppliers	to Industry Fuel	911,360,683	-	1,034,675,387	-

Amount due to related parties:

		31 December 2016	31 December 2015
Accounts payable	Industry Fuel	2,172,819,322	1,090,694,619
	Maoming Thermal	89,461,265	94,009,782
	GYEP	50,170,970	27,097,883
	Yudean Technology	702,577	-
	Yudean Shipping	3,660,000	-
	Huangpu Electric	91,283	-
	Yuelong Power	66,818	-
		<u>2,316,972,235</u>	<u>1,211,802,284</u>

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VIII Related parties and related party transactions(continued)

(6) Amount due from / due to related parties(continued)

Amount due to related parties(continued):

		31 December 2016	31 December 2015
Other payables	Shaoguan Electric	10,974,060	9,949,230
	Huangpu Electric	7,866,983	12,931,844
	Yudean PM	4,864,696	2,439,992
	Maoming Thermal	4,000,000	4,200,000
	Yudean Shipping	3,660,000	4,580,000
	Huangpu Yuehua Human Resources	2,209,375	3,313,500
	GYEP	1,084,284	1,384,284
	Yudean PI	1,051,099	-
	Yudean Technology	112,500	142,500
	Shenzhen Tianxin	70,000	70,000
	Zhuhai Grand Power	37,183	-
	Xinfengjiang Electric Service	-	37,500
	Yuehua Power	-	36,156
		<u>35,930,180</u>	<u>39,085,006</u>
		31 December 2016	31 December 2015
Interests payable	Yudean Finance	<u>67,537,822</u>	<u>8,839,015</u>
Notes payable	Industry Fuel	50,000,000	-
	Yudean Finance	<u>847,458,278</u>	<u>250,000,000</u>
		<u>897,458,278</u>	<u>250,000,000</u>
Short-term loans	Yudean Finance	<u>3,710,000,000</u>	<u>4,315,000,000</u>
Current portion of non-current liabilities	Yudean Finance	<u>267,331,709</u>	<u>133,781,362</u>
Long-term borrowings	Yudean Finance	<u>2,040,222,573</u>	<u>2,213,072,401</u>

Information on short-term borrowings and long-term borrowings obtained from related parties see Notes IV(20), (29), (31); information on notes payable discounted by Yudean Finance see Note IV (21). Besides before-mentioned borrowings and notes payables, other receivables and payables to related parties are interest-free and unsecured current accounts that will be paid off when needed.

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VIII Related parties and related party transactions(continued)

(7) Commitment to related parties

Leases

	31 December 2016	31 December 2015
Assets under lease		
Yudean PI	6,974,129	6,110,184
Maoming Thermal	25,054,634	26,000,255
	32,028,763	32,110,439

(8) Investment commitments

As at 31 December 2016, investment commitments between the Group and its related parties are disclosed in Note X(3).

VIII Contingencies

As at 31 December 2016, the Company provided joint guarantee for bank borrowings amounting to RMB 150,510,000 for Yunnan Baoshan Binlangjiang Hydroelectricity Development Co., Ltd., of which the liability relief procedure is being handled.

As at 31 December 2016, the Company provided joint guarantee for bank borrowings from European Investment Bank amounting to RMB 139,591,396 for Zhanjiang Wind Power (Note IV (31)(a)(iii)); and joint guarantee based on the percentage of shares owned for bank borrowings amounting to RMB 140,000,000 for Yuejiang Power (Note IV (c)).

X Commitments

(1) Capital commitments

As at balance sheet day, capital commitments signed and not required to disclose on balance sheet are listed as following:

	31 December 2016	31 December 2015
Building and equipment	7,748,261,014	5,455,254,576

The above capital commitments will be primarily used for the construction of new electric plants and the purchase of new generators.



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X Commitments(continued)

(2) Operating lease commitments

The future aggregate minimum lease payments due under the signed irrevocable operating leasing contracts are summarised as follows:

	31 December 2016	31 December 2015
Within 1 year	6,356,203	10,885,897
1 to 2 years	2,484,753	4,557,653
2 to 3 years	1,787,713	1,909,133
Over 3 years	30,902,928	31,181,818
	<u>41,531,597</u>	<u>48,534,501</u>

(3) Investment commitments

The Eighth Session of the Board passed the resolution of “Establishment of Dagaoshan Wind Power Project Company in Dong Autonomous County of Tongdao in Hunan Province” during its 14th meeting on 28 October 2016. To propel the preliminary work of the Hunan Dagaoshan Wind Power project and develop and extend wind power in Hunan Province, the board agreed to establish solely-owned “Dagaoshan Wind Power Project Company” in charge of investment, development and construction of the Dagaoshan Wind Power project. The initial contribution of the registration capital tentatively set as RMB 10,000,000, and the remaining capital will be injected at proper time according to the approval situation of the project and the construction plan deliberated and approved by the board of directors. As at 31 December 2016, the Company has not made capital contribution.

(4) Implementation of prior commitments

(a) The Seventh Session of the Board passed the resolution of “Investment in Guishan Offshore Wind Power Project” during its first meeting in 2012 on 19 January, pursuant to which the Company will invest in the construction of South Wind Power based on its 10% shareholding proportion and take part in Guishan Offshore Wind Power Project. The registered capital is tentatively set at RMB 900,000,000. The Company is required to invest RMB 90,000,000 as 10% of the total capital of the project. As at 31 December 2016, the Company injected RMB 70,000,000 to South Wind Power.

(b) The Seventh Session of the Board passed the resolution of “Establishment of Guangdong Yudean Dabu Electric Ltd” during its 11th meeting on 29 October 2012, pursuant to which the Company will establish Dabu Electric as its wholly-owned subsidiary. The Company is required to inject RMB 1,104,000,000 (20% of the total project investment RMB 5,520,000,000) in batches based on the construction progress. As at 31 December 2016, the Company invested RMB 1,000,000,000 to Dabu Electric.

X Commitments(continued)

(4) Implementation of prior commitments(continued)

(c) The Seventh Session of the Board passed the resolution of “Capital Increase in Guangdong Yudean Bohe Coal Power Co., Ltd” during its 11th meeting on 29 October 2012, pursuant to which the Company agreed to inject RMB 854,570,000 in cash to Bohe Coal for the construction of terminal project. The injection would be made in batches based on the capital requirement of the project. On 22 August 2013, the Seventh Session of the Board passed the

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resolution of “Investment in Guangdong Maoming Bohe Electric power generation project” during its 15th meeting, pursuant to which the Company agreed to inject RMB 1,375,000,000 to Bohe Coal for the construction of Bohe electric plant. The injection of the initial capital of Bohe Coal of RMB 285,000,000 was completed. The subsequent injection of RMB 1,090,000,000 will be made in batches based on the capital requirement of the project. The foresaid capital commitment is totaled at RMB 2,229,570,000. As at 31 December 2016, the Company injected RMB 1,985,000,000 to Bohe Coal.

- (d) The Sixth Session of the Board agreed to increase its capital in the Company’s associated company Shantou Wind Power for the construction of a wind power project in Nanao East Island during its eighth meeting on 29 June 2009. The Company agreed to inject RMB 35,000,000 to Shantou Wind Power based on its 25% shareholding proportion. The injection would be made in batches based on the construction progress. As at 31 December 2016, the Company injected RMB 12,470,000 to Shantou Wind Power.
- (e) The Sixth Session of the Board passed the resolution of “Capital Increase in Guangdong Yudean Jinghai Power Co., Ltd.” during its 11th meeting on 15 April 2010, pursuant to which the Company agreed to inject RMB 565,025,500 to its subsidiary Jinghai Power based on its 65% shareholding proportion. The Company’s proportion of shareholding in Jinghai Power remains unchanged following the completion of capital increase. As at 31 December 2016, the Company injected RMB 445,010,000 to Jinhai Power.
- (f) The Seventh Session of the Board passed the resolution of “Investment in Offshore Wind Power Project by Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd.” during its second meeting on 28 June 2011, pursuant to which the Company agreed to inject RMB 140,000,000 to its subsidiary Zhanjiang Wind Power for the investment in Xuwen offshore wind power project. The injection would be made in batches based on the actual progress of the project. As at 31 December 2016, the Company injected RMB 75,730,000 to Zhanjiang Wind Power.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated)

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- X Commitments(continued)
- (4) Implementation of prior commitments(continued)
- (g) The Board passed the resolution (vote & sign) of “Guangdong Yudean Zhanjiang Wind Power Generation Co., Ltd. to Establish Guangdong Yudean Leizhou Wind Power Co., Ltd.” on 9 January 2013, and as at the Eighth Session of the Board on 28 October 2014 the Board passed the resolution of “Capital Increase in Guangdoang Yudean Leizhou Wind Power Co., Ltd.” Pursuant to which the Company established Leizhou Wind Power based on its 70% shareholding proportion of Zhanjiang Wind Power. The registered capital of Leizhou Wind Power does not exceed RMB 162,450,000 and is responsible for the development of Hongxinlou wind power project (49.5MW). The injections of the Company will not surpass RMB 106,718,700 and that of Zhanjiang Wind Power not more than RMB 162,450,000. Thereafter, the Board agreed on the RMB 80,800,000 capital injection to Leizhou Wind Power, after which will own 80% of Leizhou Wind Power’s shares (the amount of capital injection is recorded the price conversion of the asset valuation by competent authorities). As at 31 December 2016, the Company has made RMB 80,800,000 of direct capital injection while Zhanjiang Wind Power has already offered RMB 20,000,000.
- (h) The Eighth Session of the Board passed the resolution of “Capital Increase in Guangdong Shaoguan Yuejiang Electric Power Co., Ltd.” during its 2nd meeting on 24 August 2014, pursuant to which the Company is required to inject RMB 923,000,000 (20% of the total project investment) on its 90% shareholding proportion to promote the Upgrade Project (2×600MW) of Shaoguan Power invested by Yuejiang Electric, i.e. to offer supplementary capital injection of RMB 232,310,000 on the basis of the initial injection of RMB 690,690,000 approved during 11th meeting of The Sixth Session of the Board. As at 31 December 2016, the Company has reached the cumulative capital injection.
- (i) The Eighth Session of the Board passed the resolution of “Establishment of Guangdong Yudean Qujie Wind Power Co., Ltd” during its 3rd meeting on 28 October 2014, pursuant to which the Company agrees to establish Guangdong Yudean Qujie Wind Power Co., Ltd as its wholly-owned subsidiary to promote the subsequent development and construction of wind power project in Xuwen area of Zhanjiang. The Company is required to inject RMB 231,750,000 for the construction and operation of Shibangling Wind Power project (total installed capacity of 49.5MW) and Qujie Wind Power project (total installed capacity of 99MW), in which the first batch of injection is RMB 60,000,000 and the rest will be made in batches based on the project progress. As at 31 December 2016, the Company has accomplished the capital injection.

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### X Commitments(continued)

#### (4) Implementation of prior commitments(continued)

(j) The Eighth Session of the Board passed the resolution of “Establishment of Guangdong Yudean Property Self-Insurance Co., Ltd.” during its 9th meeting on 12 November 2015, to enhance the Company’s capability of managing quantitative risks and insurance. The board agreed to establish Guangdong Yudean Property Self-Insurance Co., Ltd. with Yudean, the controlling shareholders, in which the Company contributed RMB147,000,000 and accounted for 49% of the equity. As at 31 December 2016, the Company has not made capital contribution.

(k) The board meeting held on 20 July 2015 passed (vote and sign) the resolution of “Proposal on the Establishment of Guangdong Yudean Electricity Sale Co., Ltd.”. To seize the opportunity of power system reform, adapt to the market development and create new profits, the board agreed the Company to establish a wholly-owned company - Guangdong Yudean Electricity Sale Co., Ltd. with RMB 500,000,000 registered capital. Subsequent to the initial injection of RMB 200,000,000, the Company will inject the capital in batches based on the business development. As at 31 December 2016, the Company has made the capital injection of RMB 230,000,000.

(l) The board meeting held on 20 July 2015 passed (vote and sign) the resolution of “Capital Increase in Guangdong Yudean Huadu Natural Gas Thermal Power Co., Ltd.”. To promote the subsequent development of natural gas thermal power project in Huadu, the board agreed the Company to increased capital of RMB 19,500,000 to Guangdong Yudean Huadu Natural Gas Thermal Power Co., Ltd. based on its 65% shareholding proportion. As at 31 December 2016, the Company has accomplished full capital contribution.

### XI Post balance sheet date event

According to a resolution of the Board of Directors (“BOD”) dated 24th April 2017, the BOD suggested that the Group appropriate statutory surplus reserve of RMB 212,960,545, representing 10% of net profit, and discretionary surplus reserve of RMB 532,401,361, representing 25% of net profit (2015: statutory surplus reserve of RMB 295,088,584 and discretionary surplus reserve of RMB 737,721,459); furthermore, the BOD suggested that the Group distribute cash dividends to shareholders at the rate of RMB 0.8 for every 10 shares, amounting to a total of RMB 420,022,719 (2015: RMB 2.3 for every 10 shares for shareholders, with a total of RMB 1,207,565,317). This suggestion is yet to be approved by the shareholders’ meeting. Cash dividends were not recognised as liabilities as at the balance sheet date since the suggestion was made after the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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XII Financial instrument and risk

The Group is exposed to various risks in the normal course of the Group's operations: market risk (mainly including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risk management plan of the Group aiming at unpredictability of the financial market is to strive to lessen potential adverse impact on the Group's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities locate in China and are settled in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets, liabilities and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies in order to reduce foreign exchange risk to the greatest extent. Therefore, the Group may consider adopt some proper way to mitigate the foreign exchange risk. In 2016 and 2015, the Group has not signed any forward foreign exchange contract or currency swap contract.

As at 31 December 2016 and 2015, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarised below:

	31 December 2016			
	USD	EUR	HKD	Total
Financial assets in foreign currency-				
Cash at bank and on hand	1,230	-	11,521	12,751
Other current asset	1,000,209	-	-	1,000,209
	<u>1,001,439</u>	<u>-</u>	<u>11,521</u>	<u>1,012,960</u>
Financial liabilities in foreign currency-				
Long-term borrowings	78,268,316	7,891,621	-	86,159,937
Current portion of non-current liabilities	61,323,080	2,299,019	-	63,622,099
	<u>139,591,396</u>	<u>10,190,640</u>	<u>-</u>	<u>149,782,036</u>

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XII Financial instrument and risk

(1) Market risk

(a) Foreign exchange risk

	31 December 2015			
	USD	EUR	HKD	Total
Financial assets in foreign currency-				
Cash at bank and on hand	130,358	-	10,835	141,193
Other current asset	50,859,602	-	-	50,859,602
	<u>50,989,960</u>	<u>-</u>	<u>10,835</u>	<u>51,000,795</u>
Financial liabilities in foreign currency-				
Long-term borrowings	171,431,040	9,895,525	-	181,326,565
Current portion of non-current liabilities	14,285,920	2,232,440	-	16,518,360
	<u>185,716,960</u>	<u>12,127,965</u>	<u>-</u>	<u>197,844,925</u>

As at 31 December 2016, if RMB had strengthened/weakened by 10% against the US dollar for various financial assets and liabilities denominated in US dollar while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 10,394,247 higher/lower (31 December 2015: approximately RMB 10,104,525), and other comprehensive income would have been approximately RMB 10,394,247 higher/lower (31 December 2015: approximately RMB 10,104,525).

As at 31 December 2016, if RMB had strengthened/weakened by 10% against the Euro for various financial liabilities denominated in Euro while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 764,298 higher/lower (31 December 2015: approximately RMB 909,598), and other comprehensive income would have been approximately RMB 764,298 higher/lower (31 December 2015: approximately RMB 909,598).

As at 31 December 2016, if RMB had strengthened/weakened by 10% against the HK dollar for various financial assets denominated in HK dollar while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 864 higher/lower (31 December 2015: approximately RMB 809), and other comprehensive income would have been approximately RMB 864 higher/lower (31 December 2015: approximately RMB 809).

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XII Financial instrument and risk(continued)

(1) Market risk(continued)

(b) Interest rate risk

The Group's interest rate risk mainly arises from long-term borrowings, bonds payable, long-term payables, and other long-term debts with interest. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2016, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB 25,139,493,682 (31 December 2015: RMB 26,845,673,435).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group determines the proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions, and performs periodic reviews and monitors to maintain appropriate combinations of fixed and floating rates. During 2016 and 2015, the Group does not enter into any interest rate swap agreements.

As at 31 December 2016, if interest rates on the floating rate borrowings had risen/fallen by 10 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB 19,208,821 (31 December 2015: rise/fall by 10 basis points, approximately RMB 20,545,310).

(2) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash at bank and on hand, accounts receivables, other receivables, etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at Yudean Finance, state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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XII Financial instrument and risk(continued)

(2) Credit risk(continued)

In addition, the Group has policies to limit the credit exposure on accounts receivables and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is within a controllable extent.

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial instruments of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2016					Total	Book Value on balance sheet
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years			
Short-term loans	5,943,733,314	-	-	-	5,943,733,314	5,758,860,000	
Notes payable	1,330,480,837	-	-	-	1,330,480,837	1,330,480,837	
Accounts payable	6,553,160,164	-	-	-	6,553,160,164	6,553,160,164	
Other current liabilities	1,752,100,000	-	-	-	1,752,100,000	1,723,070,000	
Long-term borrowings and long-term borrowings due within one year	2,215,133,043	2,201,693,415	7,235,020,086	15,854,820,433	27,506,666,977	20,878,646,844	
Debentures payable and debentures maturity due within one year	81,100,000	81,100,000	2,083,900,000	-	2,246,100,000	1,900,124,468	
Long-term payables	591,752,787	405,242,457	1,002,131,561	572,555,653	2,571,682,458	2,360,722,370	
	<u>18,467,460,145</u>	<u>2,688,035,872</u>	<u>10,321,051,647</u>	<u>16,427,376,086</u>	<u>47,903,923,750</u>	<u>40,505,064,683</u>	



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XII Financial instrument and risk(continued)

(3) Liquidity risk(continued)

	2015年12月31日					Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years		
Short-term loans	6,460,218,032	-	-	-	6,460,218,032	6,288,060,000
Notes payable	593,971,146	-	-	-	593,971,146	593,971,146
Accounts payable	5,389,494,608	-	-	-	5,389,494,608	5,389,494,608
Other current liabilities	1,744,261,507	-	-	-	1,744,261,507	1,711,348,630
Long-term borrowings and long-term borrowings due within one year	700,000	-	-	-	700,000	700,000
Debentures payable and debentures maturity due within one year	2,626,747,358	4,178,954,674	8,315,163,497	19,436,917,046	34,557,782,575	22,775,128,119
Long-term payables	59,400,000	59,400,000	1,269,300,000	-	1,388,100,000	1,196,029,762
Short-term loans	464,277,337	852,664,261	1,245,949,367	515,188,768	3,078,079,733	2,874,515,554
	<u>17,339,069,988</u>	<u>5,091,018,935</u>	<u>10,830,412,864</u>	<u>19,952,105,814</u>	<u>53,212,607,601</u>	<u>40,829,247,819</u>

XIII Fair value disclosure

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement.:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

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XIII Fair value disclosure(continued)

(1) Financial assets measured at fair value on a recurring basis

As at 31 December 2016, the assets measured at fair value by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Available-for-sale equity instruments	419,736,308	-	-	419,736,308

As at 31 December 2015, the financial assets measured at fair value by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Available-for-sale equity instruments	553,350,488	-	-	553,350,488

The Group confirms the time point of transition among levels based on the day events leading to the transition among levels occur. In this year no transitions between level 1 and level 2 exist.

For financial instruments trading in the active market, the Group uses the quoted prices in the active market to determine their fair value; and for financial instruments not trading in the active market, the Group uses valuation techniques to determine the fair value. The models of valuation techniques used are mainly discounted cash flow model, comparable company model, etc. The input value of valuation techniques mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit balance, liquidity premium, EBITDA multiplier, lack of liquidity discount, etc.

(2) Financial instruments not measured but disclosed at fair value

The Group's financial assets and liabilities measured at amortized cost mainly represent accounts receivable, short-term borrowings, payables, long-term borrowings, bonds payable, long-term accounts payable, etc.

The carrying amount of the financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

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XIV Capital Management

The objective of the Group's capital management policy is to guarantee continuing operations in order to provide returns to shareholders, bring benefits to other stakeholders, and in the meantime maintain optimal capital structure to reduce the cost of capital.

The Group's total capital equals to the shareholders' equity listed in the consolidated balance sheet. The Group is not subject to any externally imposed capital requirements, and monitors capital by asset-liability ratio.

The Group's asset-liability ratio is listed below as at 31 December 2016 and 31 December 2015 :

	31 December 2016	31 December 2015
Asset-liability ratio	<u>58.49%</u>	<u>57.98%</u>

XV Notes to the Company's financial statements

(1) Accounts receivable

	31 December 2016	31 December 2015
Accounts receivable	212,343,198	134,539,664
Less: Bad debt provisions	-	-
	<u>212,343,198</u>	<u>134,539,664</u>

(a) The ageing of accounts receivable based on their recording dates is analysed below:

	31 December 2016	31 December 2015
Within 1 year	<u>212,343,198</u>	<u>134,539,664</u>

As at 31 December 2016 and 31 December 2015, the Company does not have accounts receivable that are overdue with no provision for impairment.

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XV Notes to the Company's financial statements(continued)

(1) Accounts receivable(continued)

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

	31 December 2016				31 December 2015			
	Book Value		Provision for bad debts		Book Value		Provision for bad debts	
	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)
Individually significant and assessed individually for impairment	211,416,396	99.56%	-	-	134,539,664	100.00%	-	-
Individually insignificant but assessed individually for impairment	926,802	0.44%	-	-	-	-	-	-
	<u>212,343,198</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>	<u>134,539,664</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>

(c) Five largest accounts receivable by debtor as at 31 December 2016:

	Book value	Provision for bad debts	Percentage of total accounts receivable (%)
Total of the five largest accounts receivable by debtor	<u>212,343,198</u>	<u>-</u>	<u>-</u>

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XV Notes to the Company's financial statements(continued)

(2) Other receivables

	31 December 2016	31 December 2015
Entrusted loans	100,000,000	300,000,000
Petty cash	313,648	529,203
Others	22,620,101	17,953,845
	<u>122,933,749</u>	<u>318,483,048</u>
Less: Provision for bad debts	-	-
	<u>122,933,749</u>	<u>318,483,048</u>

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

	31 December 2016	31 December 2015
Within 1 year (inclusive)	121,014,722	316,937,428
1 to 2 years (inclusive)	1,032,788	-
2 to 3 years (inclusive)	-	276,183
Over 3 years	886,239	1,269,437
	<u>122,933,749</u>	<u>318,483,048</u>

As at 31 December of 2016 and 31 December of 2015, the Company does not have significant amount of other receivable that are overdue with no provision for impairment.

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

	31 December 2016				31 December 2015			
	Book Value		Provision for bad debts		Book Value		Provision for bad debts	
	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)
Individually significant and assessed individually for impairment	115,767,023	94.17%	-	-	313,536,154	98.45%	-	-
Individually insignificant but assessed individually for impairment	7,166,726	5.83%	-	-	4,946,894	1.55%	-	-
	<u>122,933,749</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>318,483,048</u>	<u>100%</u>	<u>-</u>	<u>-</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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XV Notes to the Company's financial statements(continued)

(2) Other receivables(continued)

(c) As at 31 December 2016, the five largest other receivables are analysed by debtor as follows:

	Nature	Balance at end of the year	Ageing	Percentage of other receivables in total	Provision for bad debts at the end of the year
Guangdong Yudean Bohe Coal & Electricity Co., Ltd.	Entrusted loan	100,000,000	Within 1 year	81.34%	-
GYEP	Sales from coal ash	15,767,023	Within 1 year	12.83%	-
Guangdong Yudean Anxin Electric Inspection & Installation Co., Ltd.	Advance for labour expense	2,963,084	Within 1 year	2.41%	-
Guangdong Dongguan Fuel Branch, Sinopec Sales Co., Ltd	Gas card deposit	350,000	Over 3 years	0.28%	-
China Energy Engineering Group Guangdong Power Engineering Co., Ltd.	Advance for land use tax	311,350	Within 1 year	0.25%	-
		<u>119,391,457</u>		<u>97.11%</u>	<u>-</u>

(3) Long-term equity investments

	31 December 2016	31 December 2015
Subsidiary (a)	18,015,651,604	17,177,271,604
Joint venture(b)	584,241,360	601,637,346
Associates (c)	<u>4,786,410,164</u>	<u>5,265,225,871</u>
Minus: Impairment of long-term equity investment (a)	<u>(489,567,215)</u>	<u>(455,584,267)</u>
	<u>22,896,735,913</u>	<u>22,588,550,554</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(All amounts in RMB Yuan unless otherwise stated)

XV Notes to the Company's financial statements(continued)

(3) Long-term equity investments(continued)

(a) Subsidiaries

	Movements during the year					31 December 2016	Ending balance of provision for impairment	Declared cash dividends during the year
	31 December 2015	Increase in investment	Decrease in investment	Provision for impairment	Others			
Zhanjiang Electric	2,185,334,400	-	-	-	-	2,185,334,400	-	309,141,360
Yuejia Electric	176,095,071	-	-	-	-	176,095,071	(455,584,267)	-
Maoming Zhenneng	687,458,978	-	-	-	-	687,458,978	-	132,475,562
Jinghai Power	1,930,395,668	-	-	-	-	1,930,395,668	-	872,893,668
Zhanjiang Wind Power	242,277,000	-	-	-	-	242,277,000	-	-
Zhongyue Energy	1,150,248,115	-	-	-	-	1,150,248,115	-	105,217,809
Humen Power	90,000,000	-	-	(33,982,948)	-	56,017,052	(33,982,948)	-
Anxin	20,000,000	-	-	-	-	20,000,000	-	-
Bohe Electric	1,685,000,000	300,000,000	-	-	-	1,985,000,000	-	-
Pinghai Power	720,311,347	-	-	-	-	720,311,347	-	430,864,897
Red Bay	2,220,023,386	-	-	-	-	2,220,023,386	-	581,921,153
Huizhou Natural Gas	845,846,646	131,570,000	-	-	-	977,416,646	-	179,087,460
Guangqian Electric	1,353,153,223	-	-	-	-	1,353,153,223	-	172,349,570
Yuejiang Power	856,694,674	-	-	-	-	856,694,674	-	-
Huadu Natural Gas	78,000,000	-	-	-	-	78,000,000	-	-
Dapu Power	1,000,000,000	-	-	-	-	1,000,000,000	-	-
Sub-total	15,240,838,508	431,570,000	-	(33,982,948)	-	15,638,425,560	(489,567,215)	2,783,951,479

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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XV Notes to the Company's financial statements(continued)

(3) Long-term equity investments(continued)

(a) Subsidiaries(continued)

	31 December 2015	Movements during the year				31 December 2016	Ending balance of provision for impairment	Declared cash dividends during the year
		Increase in investment	Decrease in investment	Provision for impairment	Others			
Province Wind Power	542,359,390	285,060,000	-	-	-	827,419,390	-	-
Leizhou Wind Power	80,800,000	-	-	-	-	80,800,000	-	-
Qujie Wind Power	200,000,000	31,750,000	-	-	-	231,750,000	-	-
Electricity Sale	230,000,000	-	-	-	-	230,000,000	-	-
Lincang Energy	427,689,439	-	-	-	-	427,689,439	-	-
Yongan Natural Gas	-	90,000,000	-	-	-	90,000,000	-	-
Sub-total	1,480,848,829	406,810,000	-	-	-	1,887,658,829	-	-
Total	16,721,687,337	838,380,000	-	(33,982,948)	-	17,526,084,389	(489,567,215)	2,783,951,479

Relevant information of the Company's subsidiaries is set out in Note VI.

In anticipation of the four generator units of Yuejia Electric to be shut down successively around 2016, the Company's management has provided for an impairment amounting to RMB 455,584,267 on the difference between the Company's entitlement in Yuejia Electric's equity and its investment costs in Yuejia Electric in 2009, 2011 and 2013 after assessing the recoverable amounts of this long-term equity investment. As at 31 December 2016, the balance of impairment for long-term equity investments of Yuejia Electric is RMB 455,584,267 (2015: RMB 455,584,267).

The 2×1000MW Ultra Supercritical Unit Engineering Project by the Company's holding subsidiary Guangdong Yudean Humen Electric Co., Ltd. has implemented pre-stage feasibility analysis, design, three supplies and one levelling and other preparations. The project is remaining stagnant affected by national industrial policies recent years, and the entire assets have indications of possible impairment. After the impairment test, the project made provision for impairment loss of RMB 39,107,109. After evaluating the recoverable amount of the long-term equity investment, the Company's management made the provision for impairment of Humen Electric amounting to RMB 33,982,948 according to the Company's equity proportion.



GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

XV Notes to the Company's financial statements(continued)

(3) Long-term equity investments(continued)

(b) Joint venture

	Movements during the year										
Industry Fuel	601,637,346	-	-	62,593,350	-	-	(79,989,336)	-	-	584,241,360	-

(c) Associates

	Movements during the year										
	31 December 2015	Increase in investment	Decrease in investment	Investment income under equity method	Other comprehensive income	Other changes in equity	Cash dividend or profit distribution	Impairment provision	Disposal during the year	31 December 2016	Ending balance for impairment provision
Shanxi Yudean Energy	913,606,650	-	-	92,786,742	-	-	(8,000,000)	-	-	998,393,392	-
Yudean Finance	670,229,369	-	-	56,844,340	-	-	(59,406,856)	-	-	667,666,853	-
Taishan Electric	2,104,305,209	-	-	172,424,801	-	-	(306,239,183)	-	-	1,970,490,827	-
Yudean Shipping	940,425,774	-	-	3,445,336	108,795	(4,090,897)	(4,556,455)	-	-	935,332,553	-
Western Investment	264,811,291	-	-	(64,251,850)	(547,859)	-	-	-	-	200,011,582	-
Weixin Yuntou	357,675,740	-	-	(39,024,054)	-	-	-	-	(318,651,686)	-	-
Jiangkeng Hydropower	5,991,055	-	-	-	-	-	-	-	-	5,991,055	-
Yangshan Zhongxinkeng Electric	8,180,783	-	-	1,698,988	-	-	(1,355,869)	-	-	8,523,902	-
	5,265,225,871	-	-	223,924,303	(439,064)	(4,090,897)	(379,558,363)	-	(318,651,686)	4,786,410,164	-

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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XV Notes to the Company's financial statements(continued)

(4) Revenue and cost of sales

	2016	2015
Revenue from main operations	2,003,442,330	2,130,075,020
Revenue from other operations	26,434,700	35,268,974
	<u>2,029,877,030</u>	<u>2,165,343,994</u>

	2016	2015
Cost of sales from main operations	1,632,941,869	1,599,104,824
Cost of sales from other operations	15,319,659	19,571,944
	<u>1,648,261,528</u>	<u>1,618,676,768</u>

(a) Revenue and cost of sales from main operations

	2016		2015	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Income from sales of electricity	1,995,549,884	1,626,804,586	2,129,825,061	1,598,968,250
Income from sales of steam	7,892,446	6,137,283	249,959	136,574
	<u>2,003,442,330</u>	<u>1,632,941,869</u>	<u>2,130,075,020</u>	<u>1,599,104,824</u>

(b) Revenue and cost of sales from other operations

	2016		2015	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Income from sales of material	19,791,562	14,912,040	28,330,853	19,335,547
Rental income	5,182,165	234,605	5,541,175	236,397
Others	1,460,973	173,014	1,396,946	-
	<u>26,434,700</u>	<u>15,319,659</u>	<u>35,268,974</u>	<u>19,571,944</u>

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2016  
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XV	Notes to the Company's financial statements(continued)	
(5)	2016	2015
Investment gains		
Gain from long-term equity investments under cost method	1,849,743,271	2,150,527,465
Gain from long-term equity investments under equity method	286,517,653	480,914,756
Investment gain from available-for-sale financial assets	50,151,450	46,909,270
Interest income from entrusted loans	19,963,211	37,105,403
Investment gain on disposal of long-term equity investments	-	169,166,123
Investment income recognised as a result of equity swap	-	21,977,012
Others	256,276	600,000
	<u>2,206,631,861</u>	<u>2,907,200,029</u>

There is no significant restrictions for remittance of return on investment for the Group.

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS  
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I Extraordinary gain and loss

	2016	2015
Loss/(gain) on disposal of non-current assets	3,723,321	(238,178,694)
Government grants recognised in profit or loss	(19,074,097)	(16,112,458)
[Back payments for tax, overdue surcharges, and fine from tax inspection]	125,842,425	-
[Early retirement settlement expenses from restructuring ]	59,541,635	-
Exchange (loss) of non-monetary assets	-	(21,977,012)
Reversal of provision for bad debts assessed on an individual basis	-	(20,790)
Other expenses/(income) besides items listed above	104,916,156	(29,997,321)
	<u>274,949,440</u>	<u>(306,286,275)</u>
Tax effect	18,950,258	17,651,335
Effect on minority interests after taxation	(155,736,881)	4,886,717
	<u>138,162,817</u>	<u>(283,748,223)</u>

Basis of preparation for extraordinary gain and loss

Under the requirements in *EXPLANATORY ANNOUNCEMENT NO. 1 ON INFORMATION DISCLOSURE BY COMPANIES OFFERING SECURITIES TO THE PUBLIC – NON-RECURRING PROFIT OR LOSS [2008]* from CSRC, non-recurring profit or loss refers to that arises from transactions and events that are not directly relevant to ordinary activities, or that is relevant to ordinary activities, but is extraordinary and not expected to recur frequently that would have an influence on users of financial statements making right economic decisions on the financial performance and profitability of an enterprise.

II Return on net assets and earnings per share

Weighted average return on equity(%)		Earnings per share			
		Basic earnings per share		Diluted earnings per share	
2016	2015	2016	2015	2016	2015

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS  
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Net profit attributable to ordinary equity owners of the Company	3.99%	14.42%	0.18	0.62	0.18	0.62
Net profit attributable to ordinary equity owners of the Company (deducted extraordinary gain and loss)	4.58%	13.15%	0.20	0.56	0.20	0.56

GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.

SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS  
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III Differences due to Chinese and foreign accounting policies

Difference in net profit and net asset included in consolidated financial statement prepared under the International Financial Reporting Standards (IFRSs) and the China Accounting Standards

(CASs):

	Net profit		Net assets	
	2016	2015	2016	2015
Under the CASs	936,534,941	3,237,733,312	23,378,847,225	23,754,596,981
Items and amounts adjusted against IFRSs				
a. Difference on recognition of goodwill on business combination under common control	-	-	64,623,000	64,623,000
b. Difference on recognition of land use value on business combination under common control	(630,000)	(630,000)	18,860,000	19,490,000
c. Impact on minority interests	54,120	54,120	4,701,979	4,647,859
Under the IFRSs	935,959,061	3,237,157,432	23,467,032,204	23,843,357,840

- (a) Difference on recognition of goodwill on business combination under common control and difference on recognition of land use value on business combination.

Under the requirement of new CASs, goodwill arising from business combination under common control should not be recognised and capital reserve should be adjusted accordingly, whereas under the requirement of IFRSs, goodwill arising from business combination under common control should be recognised and it represents the excess on acquisition costs over the share of identifiable fair value of net asset from the acquiree on business combination. All assets obtained from the acquiree on business combination should be measured on their fair values. The measurement of the two standards will continue to show a difference.

- (b) Impact on minority interests

The amortisation of the above land use rights has taken place in the Company and some of its not-wholly owned subsidiaries and therefore has an impact on non-controlling interests.

## **XII.Documents for reference**

- 1.Financial statements bearing the seal and signature of legal representative, financial controller and the person in charge of the accounting organ;
- 2.Original audit report seal with accounting firms and signature and seal from CPA;
- 3.All original copies of official documents and notices, which were disclosed in Securities Times, China Securities and Hong Kong Commercial Daily (Both English and Chinese version);
4. Chinese Version of the annual repprt

The documents mentioned above are kept in office, and are ready for reference at any time (except public holidays, Saturday and Sunday).

The Board of Directors of Guangdong Electric Power Development Co., Ltd.

Chairman of the Board: Huang Zhenhai

April 26, 2017