華電福新能源股份有限公司

HUADIAN FUXIN ENERGY CORPORATION LIMITED

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

Stock Code: 00816

2018
ANNUAL REPORT

Contents

Dear Shareholders,

Over the past year, Huadian Fuxin earnestly studied and put into practice Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles from the 19th CPC National Congress. Adhering to the strategy-led approach, Huadian Fuxin concentrated on upgrading business development, strived for efficiency improvement and explored innovative financing alternatives while giving due regard to safety and environmental protection and enhancing internal management, thus achieving positive results in every area of work. As of the end of 2018, its consolidated installed capacity in operation amounted to 16,284.4 MW, of which 77.9% was attributed to clean energy; total consolidated assets amounted to RMB108,304 million, up 1.0% year on year; the owners' equity was RMB33,102 million, up 25.1% year on year; profit attributable to equity holders of the Company was RMB2,268 million, up 7.2% year on year; and operating revenue reached RMB18,330 million, up 9.0% year on year. In particular, the wind and solar power business, which has always been the Company's focused area of development, recorded profit of RMB2,224 million, up 25% year on year, making it a major profit contributor.

As socialism with Chinese characteristics has entered a new era, China's energy development is strategically transforming from fossil energy towards renewable energy. With continuous integration of policy adjustment and industrial transformation and upgrading, China's energy industry overall is showing mixed growth trends. Huadian Fuxin will firmly grasp the opportunities arising from the strategic period, maintain its strategic composure and development direction, strive to grow its wind and solar power business with a focus on quality and efficiency enhancement, fully exploit its investment and financing capability and further strengthen all-round risk control, so as to consistently enhance its vitality, control, influence and global competitiveness and build itself into an internationally leading listed clean energy company featuring low carbon, safety and high efficiency.

In 2019, which marks the 70th anniversary of the founding of the PRC, is a key year for China to secure a decisive victory in building a moderately prosperous society in all respects to achieve the first centenary goal, and also a critical year for Huadian Fuxin to carry through its development strategy and promote high-quality development. Huadian Fuxin will delve into and act on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles from the 19th CPC National Congress. Specifically, it will amplify investment capability, enhance capital operation, innovate financing modes, develop a specialized platform and deepen risk control and management, thereby achieving high quality development, delivering better returns to shareholders and contributing more to the building of ecological civilization and a beautiful China.

Last but not least, on behalf of the Board, I would like to extend my sincere gratitude to all shareholders, people and friends from all walks of life for their trust and support!

Chairman
Huang Shaoxiong

General Manager's Statement

Dear Shareholders,

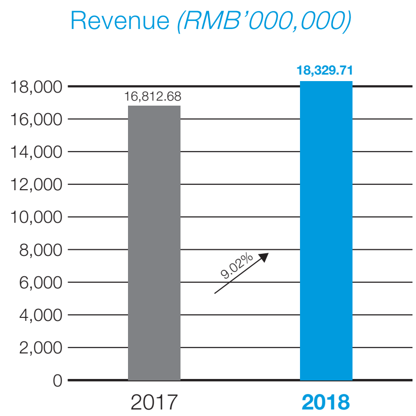
In 2018, faced with unfavorable factors such as rising fuel costs, intensified market competition, and extremely inadequate rainfall for hydropower generation, the Company, under the strong leadership of the Board of Directors, rose up to the challenges, made solid efforts to tackle the unfavorable conditions and thus maintained a good development momentum. Adhering to the strategy-led approach and emphasizing value creation, the Company sped up the development of clean energy business and obtained approval for an aggregate capacity of 705 MW during the year. In particular, with its 500 MW offshore wind power project in Yangjiang of Guangdong province being approved, the Company formed a well-paced development trend among its wind power projects at preliminary stage, in approval process and under construction. The Company obtained approvals for its first distributed wind power project of 20 MW located in Yiyang, Luoyang of Henan province and a new gas-fired distributed power project of 116 MW located in Jiangdu, Yangzhou of Jiangsu province in the Yangtze River Delta region, and its wind power project of 100 MW connected to high-voltage power transmission networks in Zhenglan Banner in Inner Mongolia also proceeded smoothly. Thanks to its efforts in speeding up construction and commencement of operation of projects, the Company had added 744.1 MW to its total consolidated installed capacity. The photovoltaic project in Changjiang of Hainan province, the Company's first project in the province, commenced construction, and the wind power project in Yichun of Jiangxi province, the Company's first wind project in the province, was being prepared for construction, effectively filling the gap in the development of wind power and photovoltaic power in these two provincial-level regions. The No. 1 and No. 2 generating units of Sanmen Nuclear Power Plant in which the Company has a stake were put into operation, which, together with the four generating units of Fuqing Nuclear Power Plant that commenced operation previously, brought steady income for the nuclear power segment of the Company. In addition, the Company strived to boost economic benefits by focusing on quality and efficiency enhancement, increasing income and reducing expenditure, and enhancing cost control. As a result of these efforts, the Company's power generation for the year amounted to 44,573,721.3 MWh; total profit before taxation amounted to RMB2,758 million; return on net assets was 9.84%, and gearing ratio decreased by 5.88 percentage points year on year to 69.44%. The Company explored innovative financial alternatives, and raised funds of RMB10,619 million through direct financing with financing cost being the lowest among comparable fund-raising activities in the industry in the same period. In particular, the Company explored new financing instruments and issued two tranches of asset-backed securities (ABS) and asset-backed notes (ABN) respectively, which effectively solved the inadequacy of subsidies for renewable energy that had plagued the industry for years and found a long-term solution for funding the development of the wind and solar power industry as a whole.

In 2019, Huadian Fuxin will earnestly study and act on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles from the 19th CPC National Congress. It will seize the major opportunities for the development of clean energy sources such as wind and solar power, focus on enhancing investment capability, and further promote high-quality development. Besides, it will make greater efforts to build a professional platform to further increase economic benefits, enhance capital operation to further revitalize stock assets, innovate financing modes to better satisfy its funding needs, and reinforce risk prevention and control to further improve management efficiency, thereby building up its core competitiveness in the new era. In a word, it will strive to grow itself into an internationally leading listed clean energy company featuring low carbon, safety and high efficiency, and bring ever better returns to all shareholders.

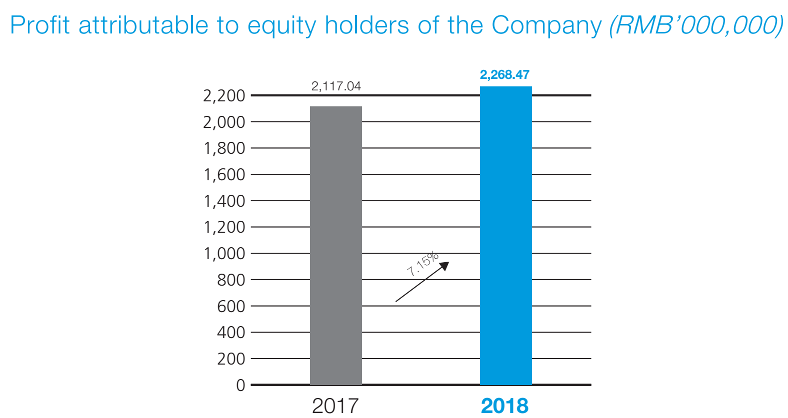
Lastly, on behalf of the management team of the Company, I would like to extend my gratitude to all shareholders, the Board of Directors and the Board of Supervisors of the Company for their trust and support, and also to all employees for their hard work and contribution!

General Manager
Wu Jianchun

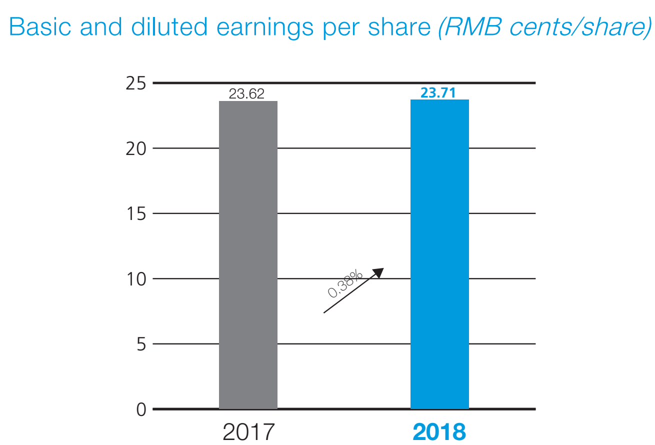
1. REVENUE



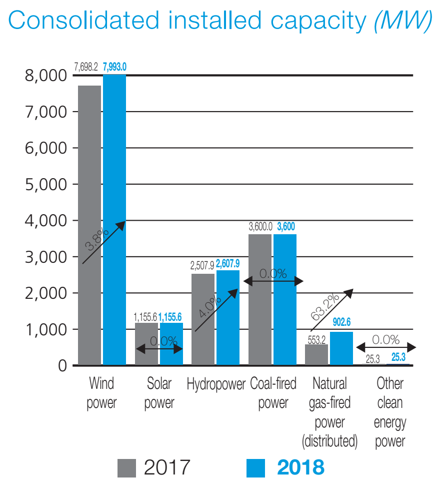
2. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



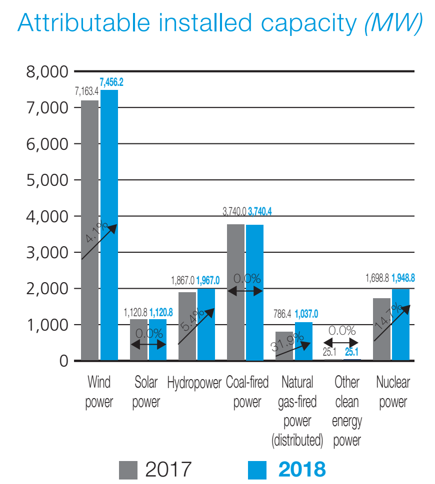
3. BASIC AND DILUTED EARNINGS PER SHARE



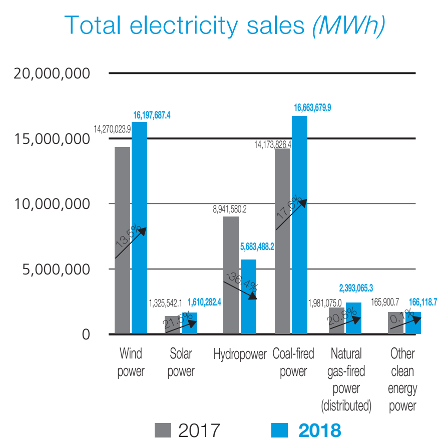
4. CONSOLIDATED INSTALLED CAPACITY



5. ATTRIBUTABLE INSTALLED CAPACITY



6. TOTAL ELECTRICITY SALES



5 Years Summary of Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2014 *RMB'000*	2015 *RMB'000*	2016 *RMB'000*	2017 *RMB'000*	**2018** ***RMB'000***
Revenue	13,945,375	15,432,874	15,997,504	16,812,679	**18,329,707**
Other income and gains	236,544	154,495	179,733	210,194	**342,803**
Operating expenses	(9,213,053)	(10,773,139)	(10,770,223)	(12,162,147)	**(13,863,444)**
Operating profit	4,968,866	4,814,230	5,407,014	4,860,726	**4,809,066**
Net Profit	2,152,024	2,241,331	2,668,435	2,465,504	**2,472,716**
Attributable to:					
Equity holders of the Company	1,871,926	1,925,141	2,068,490	2,117,043	**2,268,468**
Non-controlling interests	280,098	316,191	599,945	348,461	**204,248**
Total comprehensive income for the year	2,152,024	2,267,973	2,639,574	2,444,983	**2,281,681**
Attributable to:					
Equity holders of the Company	1,871,926	1,951,782	2,039,629	2,096,522	**2,077,433**
Non-controlling interests	280,098	316,191	599,945	348,461	**204,248**
Basic and diluted earnings per share *(RMB cents)*	23.46	21.94	23.23	23.62	**23.71**

5 Years Summary of Consolidated Statement of Financial Position

	2014 *RMB'000*	2015 *RMB'000*	2016 *RMB'000*	2017 *RMB'000*	**2018** ***RMB'000***
Total non-current assets	76,628,347	90,374,602	93,373,271	95,915,132	**96,146,467**
Total current assets	9,812,873	8,399,957	9,906,620	11,324,726	**12,157,108**
Total assets	86,441,220	98,774,559	103,279,891	107,239,858	**108,303,575**
Total current liabilities	27,078,972	28,103,753	26,218,337	25,366,382	**19,344,763**
Total non-current liabilities	41,698,146	49,498,756	54,065,778	55,406,378	**55,856,905**
Total liabilities	68,777,118	77,602,509	80,284,115	80,772,760	**75,201,668**
Net assets	17,664,102	21,172,050	22,995,776	26,467,098	**33,101,907**
Total equity attributable to equity holders of the Company	15,018,581	18,499,314	20,100,973	23,424,367	**30,055,383**
Non-controlling interests	2,645,521	2,672,736	2,894,803	3,042,731	**3,046,524**
Total equity	17,664,102	21,172,050	22,995,776	26,467,098	**33,101,907**

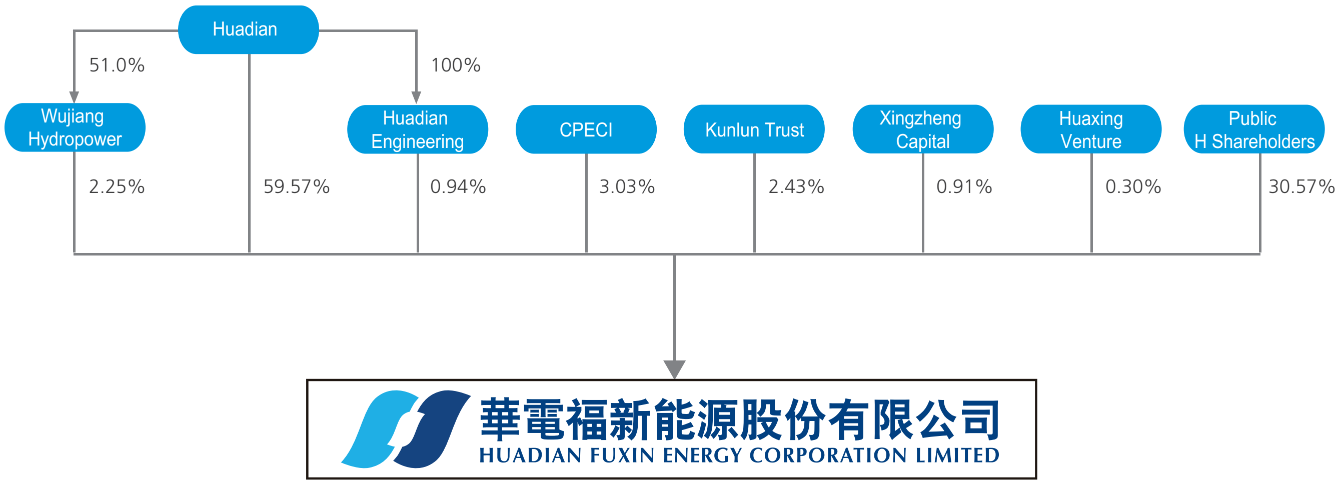
Huadian Fuxin Energy Corporation Limited ("Huadian Fuxin") is a listed clean energy company formed through the restructuring and consolidation of China Huadian's nationwide new energy assets and regional assets in Fujian. Huadian Fuxin got listed on the Hong Kong Stock Exchange in June 2012. Huadian Fuxin is owned as to 59.57% by China Huadian Corporation Ltd., 2.25% by Guizhou Wujiang Hydropower Development Co., Ltd., 0.94% by China Huadian Engineering Co., Ltd., 3.03% by China Power Engineering Consulting (Group) Investment Co., Ltd., 2.43% by Kunlun Trust Co., Ltd., 0.91% by Industrial Innovation Capital Management Co., Ltd., and 0.30% by Fujian Huaxing Venture Investment Limited, with remaining 30.57% shares held by public shareholders.

As the major platform of Huadian Group for developing clean energy and exploring overseas markets, Huadian Fuxin possesses a diversified portfolio of power generation business covering wind power, solar power, hydropower, coal-fired power, natural gas-fired power (distributed), nuclear power and biomass energy, with its wind power projects distributed across 27 provinces, municipalities and autonomous regions in China as well as in Spain. As at 31 December 2018, Huadian Fuxin's consolidated installed capacity amounted to 16,284.4 MW, including 7,993.0 MW in wind power, 1,155.6 MW in solar energy, 2,607.9 MW in hydropower, 3,600.0 MW in coal-fired power, 902.6 MW in natural gas-fired power (distributed) and 25.3 MW in biomass energy. In addition, it holds 39% equity interest in Fuqing Nuclear Power Plant and 10% equity interest in Sanmen Nuclear Power Plant. Its total assets amount to RMB108,304 million, with a gearing ratio of 69.44%. In terms of power generation structure, Huadian Fuxin pursues balanced and coordinated development of its wind power, solar power, hydropower, high-efficient coal-fired power, natural gas-fired (distributed) power and nuclear power segments, with distinctive characteristics of clean energy orientation and diversification.

The headquarters of Huadian Fuxin comprise 9 departments, including the office, human resources department, planning and investment department, finance and assets department, securities and compliance department, control internal department, safety and operations management department, party building department and discipline inspection office.

Corporate Shareholding Structure

As at 31 December 2018, the shareholding structure of the Company is as follows:



Corporate Milestones in 2018

In January, the Company achieved "a good start" by completing power generation of 4,107 million kWh in January, hitting a historical new high in respect of monthly power generation.

On 2 February, the Company held a meeting for its 2018 outlook in Beijing. At the meeting, it summarized its efforts in 2017 and defined its development strategy and work plans for 2018 with an aim to build a capital operation, investment and financing platform and a professional new energy service platform to constantly enhance the core competitiveness of the Company.

On 15 March, the Company successfully issued the first green ABS in a total size of RMB840 million on the Shanghai Stock Exchange at the rate of 5.1%, which further expanded the financing channels.

On 22 March, the Company successfully held a press conference to announce its 2017 annual results in Hong Kong, which was followed by results roadshows in Hong Kong and Singapore.

On 6 April, the single-day power generation of the wind power segment of the Company reached 82.02 million kWh, exceeding 80 million kWh for the first time and hitting a historical new high.

In July, the Lean and Standardized Management of Wind Power Projects in the Mountainous Regions in Southern China of the Company won the first prize of management innovation achievement for 2018 granted by Huadian Group and China Electricity Council, respectively.

In July, the Company was successfully included in the list of "well-known seasoned issuers" of the Shanghai Stock Exchange, which indicates the full affirmation of the good reputation of the Company's bond issuance in previous years by the capital market and the regulators and is of great significance for the Company's future financing in the capital market.

In August, Huadian Fuxin "On-grid Electricity Sales Receivable Green Asset Plan" won the 2017–2018 Asset Securitization Jiefu Prize – "The Award for Green Financial Asset Securitization Products with the Most Influence in the Market".

On 27 August, the Company successfully held a press conference to announce its 2018 interim results in Hong Kong, which was followed by results roadshows in Hong Kong and the United Kingdom.

On 22 October, "Huadian Fuxin Shelf-registered Green Asset-backed Notes" (the "Shelf-registered Green ABN") were officially registered with the National Association of Financial Market Institutional Investors. The successful registration laid a solid foundation for further issuance and will vitalize the accounts receivable of wind and photovoltaic power projects, improve the cashability of assets, and alleviate the funding shortage of new energy projects.

On 5 November, all the 2 generator sets of Phase I of Sanmen Nuclear Power Plant in Zhejiang, which the Company invested, were completely put into commercial production, marking the full completion and production of the Phase I of Sanmen Nuclear Power Plant.

Corporate Milestones in 2018

On 29 November, at the 2018 Annual Energy Meeting and the 10th China Energy Enterprise High-Level Forum, Huadian Fuxin Energy Corporation Limited won the "Energy Decade New Energy Model Enterprise Award".

On 7, 25 and 27 December, Huadian Fuxin Energy Corporation Limited successively issued three tranches of green asset-backed securities/notes (ABS/ABN) subsidized with the funds for tariff premium of renewable energy ("National Subsidy") with a total amount of RMB3,509 million in the interbank and bond markets respectively, and the issue price has repeatedly hit a new low in the industry.

On 7 December, Guangdong Huadian Yangjiang Qingzhousan 500 MW Offshore Wind Power Project, the offshore wind power project with the largest single capacity for the Company and Huadian Group, was approved (Yang Fa Gai He Zhun [2018] No. 9). The project is located offshore in southern Shaba Town, Yangjiang City, Guangdong Province, with a planned installed capacity of 500 MW and with good investment value and social benefits. The project approval marks the Company's major breakthrough in the early development of offshore wind power in Guangdong Province.

In December, the Company won the title of 2017–2018 "Civilized Unit Model" granted by China Huadian Corporation Ltd., which greatly stimulated the enthusiasm of employees to work for the Company with joint efforts to promote the high quality development of the Company.

The Board hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2018 (the "Financial Statements").

SHARE CAPITAL

As of 31 December 2018, the total issued share capital of the Company was RMB8,407,961,520 divided into 8,407,961,520 shares with a par value of RMB1.00 each.

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

The Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries purchased or sold any of its securities listed on the Hong Kong Stock Exchange.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights for the Company under the Articles of Association or the PRC laws. As a result, the Company is not obliged to offer new shares to existing shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Company is principally engaged in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout China. Details of major subsidiaries and associates of the Company are set out in notes 16 and 17 to the Financial Statements respectively.

RESULTS

The results of the Company and its subsidiaries for the year ended 31 December 2018 and the financial position of the Company and its subsidiaries as at 31 December 2018 are set out in the audited Financial Statements on pages 122 to 257. A discussion and analysis of the Company's performance and business review during the year and the material factors underlying its results, financial position, the financial key performance indicators and the principal risks and uncertainties are set out in the "Management Discussion and Analysis" on pages 44 to 56 and "Key Operating and Financial Data" on page 4 of this annual report.

PROFIT DISTRIBUTION

The Company may distribute dividends by way of cash or by other means that the Company considers appropriate. Any proposed distribution of dividends shall be formulated by the Board and will be subject to the shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends, will depend on a number of factors, including the results of operations, cash flows, financial condition, payments by subsidiaries of cash dividends to the Company, future prospects and other factors that the Directors may consider important.

The Board recommended distributing a final dividend of RMB0.568 per 10 shares (tax inclusive) in cash for the year ended 31 December 2018 to shareholders, accounting for 30% of the attributable profit for the year. All dividends will be paid upon the approval by the shareholders at the annual general meeting of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in properties, plants and equipment of the Company and its subsidiaries during the year are set out in note 13 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in note 30(a) to the Financial Statements; details of reserves distributable to the shareholders are set out in note 30(e) to the Financial Statements.

TAX CONCESSION

The Company is not aware of any tax reduction or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2018 are set out in note 24 to the Financial Statements.

ISSUANCE OF DEBENTURES

To repay bank loans, replenish general working capital and repay existing financing, the Company issued three tranches of perpetual medium-term notes and two tranches of renewable corporate bonds in the year of 2018. For further details about such issuance of debentures, please refer to notes 31 and 32 to the Financial Statements.

INFORMATION AND BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth information concerning the Directors, Supervisors and senior management of the Company for the year ended 31 December 2018 and up to the date of this annual report.

Name	Age	Position held in the Company	Date of Appointment/ Re-election/Engagement/Re-appointment
Mr. HUANG Shaoxiong	56	Chairman of the Board and Executive Director	Appointed on 25 August 2017
Mr. WU Jianchun	55	Executive Director and General Manager	Appointed on 25 August 2017
Mr. LI Lixin	52	Executive Director	Re-elected on 29 June 2017
Mr. TAO Yunpeng	48	Non-executive Director	Re-elected on 29 June 2017
Mr. SHI Chongguang	56	Non-executive Director	Appointed on 28 December 2018
Mr. MEI Weiyi	45	Non-executive Director	Appointed on 25 August 2017
Mr. ZHANG Bai	58	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. TAO Zhigang	53	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. WU Yiqiang	67	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. LI Yinan	49	Former Non-executive Director	Re-elected on 29 June 2017 and resigned on 28 December 2018 due to change of job assignments
Mr. LI Changxu	56	Chairman of the Board of Supervisors	Re-elected on 29 June 2017
Mr. WANG Kun	48	Supervisor	Re-elected on 29 June 2017
Mr. XU Lei	52	Supervisor	Appointed on 28 June 2018
Ms. HU Xiaohong	48	Supervisor	Re-elected on 29 June 2017
Ms. DING Ruiling	54	Independent Supervisor	Re-elected on 29 June 2017
Mr. GUO Xiaoping	62	Independent Supervisor	Re-elected on 29 June 2017
Mr. CHEN Wenxin	51	Employee Representative Supervisor	Re-elected on 29 June 2017
Mr. ZHU Deyuan	44	Employee Representative Supervisor	Appointed on 20 July 2017

Name	Age	Position held in the Company	Date of Appointment/ Re-election/Engagement/Re-appointment
Mr. LAI Jiaxing	36	Employee Representative Supervisor	Appointed on 12 March 2018
Mr. HOU Jiawei	54	Former Supervisor	Re-elected on 29 June 2017 and resigned on 28 June 2018 due to change of job assignments
Mr. YAN Zhongjun	46	Former Employee Representative Supervisor	Re-elected on 29 June 2017 and resigned on 12 March 2018 due to change of job assignments
Mr. HUANG Shenyang	58	Deputy Secretary of Party Committee	Engaged on 14 March 2017
		Secretary of Discipline Committee	Engaged on 30 October 2017
		Former Chief Legal Adviser	Engaged on 20 December 2017 and resigned on 9 November 2018 due to change of job assignments
Mr. MA Junbiao	56	Vice General Manager	Engaged on 20 December 2017
Ms. WANG Huiping	51	Chief Financial Officer	Engaged on 20 December 2017
Mr. SUN Tao	42	Vice General Manager	Re-appointed on 29 June 2017
		Chief Legal Adviser	Engaged on 9 November 2018
		Secretary to the Board	Engaged on 26 November 2018
Mr. LIN Wenbiao	49	Vice General Manager	Engaged on 6 February 2018

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules of the Hong Kong Stock Exchange and considers that all the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management are set out on pages 30 to 43 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors has entered into a service contract with the Company. The principal particulars of these service contracts are (a) for a term of three years commencing from the effective date of such service contracts, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules or regulations. Each of the Supervisors had entered into a contract in respect of, among others, compliance of relevant laws and regulations, observation of the Articles of Association and provisions on arbitration with the Company. Save as disclosed above, none of the Directors or Supervisors had any existing or proposed service contracts with us (excluding contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

REMUNERATION OF DIRECTORS AND SUPERVISORS

Details of the remuneration of the Company's Directors and Supervisors are set out in note 9 to the Financial Statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN MATERIAL TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

At the end of the year 2018 or at any time during the year, there was no transactions, arrangements or contracts of significance to the Group's business in which the Company or its subsidiaries was a party, and in which a Director or Supervisor had a material interest, either directly or indirectly, subsisted during the year or at the end of the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2018, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

LIABILITY INSURANCE AND INDEMNITY

Information in relation to the liability insurances provided for Directors and Supervisors of the Company and the permitted indemnity provisions can be found on page 94 in the "Corporate Governance Report" of this annual report.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2018, the Company has not entered into any equity-linked agreement.

DISCUSSION ON THE MATTERS RELATED TO THE ENVIRONMENT, SOCIETY AND GOVERNANCE

For details of (i) the environmental policies and performances of the Company; (ii) compliance with relevant laws and regulations that have significant effect on the Company; and (iii) the significant relationship between the Company and its employees, customers, suppliers and other important parties, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

On 31 December 2018, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 31 December 2018, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) held 5% or above interest in the shares or underlying shares of the Company and according to the records in the register required to be kept by the Company pursuant to Section 336 of the SFO had interest or short positions which should be disclosed to the Company:

A list of shareholders who hold more than 5% of the share capital:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(share)*	Percentage in the Relevant Class of Share Capital *(%)*	Percentage in the Total Share Capital *(%)*
Huadian Group[(1)]	Domestic Shares	Beneficial owner/Interest of corporation controlled by the substantial shareholder	5,276,907,638 (Long position)	90.39	62.76
Central Huijin Investment Ltd.	H Shares	Interest of corporation controlled by the substantial shareholder	645,620,000 (Long position)	25.12	7.68
China Reinsurance (Group) Corporation	H Shares	Beneficial owner	645,620,000 (Long position)	25.12	7.68
Prime Capital Management Company Limited	H Shares	Investment manager	237,335,294 (Long position)	9.23	2.82
Macquarie Group Limited	H Shares	Interest of corporation controlled by the substantial shareholder	130,976,000 (Long position)	5.10	1.56
			24,000 (Short position)	0.00	0.00

Note:

(1) Huadian had an interest in the domestic shares of the Company, with 5,008,785,336 domestic shares (long position) being held in its capacity as beneficial owner. Huadian, through various subsidiaries, had an interest in the domestic shares of the Company, with 268,122,302 domestic shares (long position) being held in its capacity as interest of corporation controlled by the substantial shareholder.

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At any time during the Reporting Period, the Company or any of its subsidiaries did not make any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, Supervisors or any of their spouses or children under 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

MANAGEMENT CONTRACTS

The Company did not enter into any contracts in respect of the management or administration of the entire or any significant part of the business of the Company nor should any such contracts subsist at any time during 2018.

CONNECTED TRANSACTIONS

The main connected transactions of the Group during 2018 are as follows:

(1) Non-exempt One-off Connected Transactions

The Company did not enter into any non-exempt one-off connected transaction during the year.

(2) Non-exempt Continuing Connected Transactions

The Company entered into certain non-exempt continuing connected transactions during the year. In respect of the non-exempt continuing connected transactions (A), (E) and (G) as set out below, pursuant to the Listing Rules, the Company is exempted from compliance with independent shareholders' approval requirements upon the Company's entering into each of these connected transactions framework agreements.

The table below sets out the annual caps and the actual transaction amounts for 2018 of the continuing connected transactions:

Continuing Connected Transaction		Connected Person	Annual Cap for 2018 *(RMB'000)*	Actual Transaction Amount for 2018 *(RMB'000)*
(A)	Property leasing framework agreement	Huadian Group	50,000	29,434
(B)	Coal purchasing and shipping service framework agreement	Huadian Group	2,600,000	2,543,743
(C)	Project contracting, operation maintenance service and equipment purchase framework agreement	Huadian Group	2,500,000	1,572,780
(D)	Deposit service agreement	Huadian Finance	2,400,000	2,344,226
(E)	Merchandising framework agreement	Huadian Group	600,000	2,024
(F)	Finance leases framework agreement	Huadian Leasing	1,000,000	70,697
(G)	Power generation rights transfer agreement (I)	Huadian Jiangsu	5,598	1,278
	Power generation rights transfer agreement (II)	Huadian Anhui	27,432	26,689
	Power generation rights transfer agreement (III)	Huadian Jiangsu	15,060	13,888
	Power generation rights transfer agreement (IV)	Huadian Kashgar	6,426	6,332
	Power generation rights transfer agreement (V)	Huadian Changji	6,400	2,239
	Power generation rights transfer agreement (VI)	Huadian Inner Mongolia	22,720	22,720

(A) Property Leasing Framework Agreement

The Company entered into a property leasing framework agreement (the "Property Leasing Framework Agreement") on 5 May 2017 with Huadian, pursuant to which, the Group may rent properties from Huadian Group. The principal terms of the Property Leasing Framework Agreement are as follows:

- the rents (including property management fee) payable under the Property Leasing Framework Agreement shall be agreed based on arm's-length negotiations between the relevant parties with reference to market rates at the relevant location, but the annual rent per sq.m. shall not exceed 115.0% of that of the previous year;
- the members of the Group and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant leased properties according to the principles, and within the parameters, provided for under the Property Leasing Framework Agreement;
- the Company is entitled to lease the available properties owned by members of Huadian Group during the term of the Property Leasing Framework Agreement;

- either party may, at any time before the Property Leasing Framework Agreement expires, by giving not less than six months' written notice, terminate any lease made pursuant to and contemplated under such agreement, and the rents will accordingly be reduced; and

- the term of the Property Leasing Framework Agreement is no more than three years commenced on 1 January 2018 and ending on 31 December 2020, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2018 was RMB50,000,000 and the actual rent paid/payable to Huadian Group is RMB29,434,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Property Leasing Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(B) Coal Purchasing and Shipping Service Framework Agreement

In the ordinary course of business, the Company entered into a coal purchasing and shipping service framework agreement (the "Coal Purchasing and Shipping Service Framework Agreement") on 5 May 2017 with Huadian, pursuant to which, Huadian Group (for the purpose of the Coal Purchasing and Shipping Service Framework Agreement, including its associates) will sell coal and provide coal shipping services to the Group. The principal terms of the Coal Purchasing and Shipping Service Framework Agreement are as follows:

- the service fees shall be determined through a bidding process and in compliance with applicable laws, regulations and rules, or agreed on arm's-length negotiations between the relevant parties with reference to market prices in the ordinary course of business. Market prices refer to prices determined in the following priority order: (1) market prices charged at that time by independent third parties for providing such coal purchasing and shipping services on normal commercial terms in the same or adjacent areas where such coal purchasing and shipping services are conducted; or (2) prices charged by independent third parties for providing such coal purchasing and shipping services on normal commercial terms at that time;

- the members of the Group and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant coal shipping according to the principles and within the parameters provided for under the Coal Purchasing and Shipping Service Framework Agreement; and

- the term of the Coal Purchasing and Shipping Service Framework Agreement is no more than three years commenced on 1 January 2018 and ending on 31 December 2020, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2018 was RMB2,600,000,000 and the fees paid/payable by us to Huadian Group for the coal shipping is RMB2,543,743,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Coal Purchasing and Shipping Service Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(C) Project Contracting, Operation Maintenance Service and Equipment Purchase Framework Agreement

In the ordinary course of business, the Company entered into a project contracting, operation maintenance service and equipment purchase framework agreement (the "Project Contracting, Operation Maintenance Service and Equipment Purchase Framework Agreement") with Huadian on 5 May 2017. Pursuant to the Project Contracting, Operation Maintenance Service and Equipment Purchase Framework Agreement, Huadian Group agreed that it would undertake project contracting service (such as design, construction, installation and other relevant services), operation maintenance service and sales of equipment for the power generating projects of the Group. The principal terms of the Project Contracting, Operation Maintenance Service and Equipment Purchase Framework Agreement are as follows:

- the fees for project contracting and operation maintenance together with the prices of the equipment shall be determined through a bidding process and in compliance with applicable bidding laws, regulations and rules, or by reference to market prices. Market price refers to prices determined in the following priority order: (1) prices charged by independent third parties at that time for providing such project contracting, operation maintenance services and sales of equipment on normal commercial terms in the same or adjacent areas where such project contracting, operation maintenance services and sales of equipment are conducted; or (2) price charged by independent third parties at that time for providing such project contracting, operation maintenance services and sales of equipment on normal commercial terms;

- the members of the Group and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant project contracting, operation maintenance service and equipment purchase according to the principles and within the parameters provided for under the Project Contracting, Operation Maintenance Service and Equipment Purchase Framework Agreement; and

- the term of the Project Contracting, Operation Maintenance Service and Equipment Purchase Framework Agreement is no more than three years commenced on the 1 January 2018 and ending on 31 December 2020, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2018 was RMB2,500,000,000 and the fees paid/payable to Huadian Group is RMB1,572,780,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Project Contracting, Operation Maintenance Service and Equipment Purchase Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(D) Deposit Service Contract

The Company entered into a deposit service agreement (the "Deposit Service Agreement") with Huadian Finance on 21 April 2016, pursuant to which, Huadian Finance would provide the deposit service to various departments under the Company within the agreed caps.

In 2018, the maximum daily balance of this deposit service transaction was RMB2,400,000,000, while the actual maximum daily balance was RMB2,344,226,000.

The term of the Deposit Service Agreement will end on 31 December 2019, subject to renewal.

According to the Listing Rules, Huadian Finance is a subsidiary of Huadian (the controlling shareholder of the Company), and therefore Huadian Finance is a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Deposit Service Agreement (as revised by the supplemental agreement) constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(E) Merchandising Framework Agreement

In the ordinary course of business, the Company entered into a merchandising framework agreement (the "Merchandising Framework Agreement") with Huadian on 5 May 2017, pursuant to which, the Company agreed to sell goods to Huadian Group. The principal terms of the Merchandising Framework Agreement are as follows:

- the commodity price shall be agreed on arm's-length negotiations between the relevant parties with reference to the market prices in the ordinary course of business. Market prices refer to prices determined in the following priority order: (1) prices paid by independent third parties for such transactions with the Group on normal commercial terms in the same or adjacent areas where such commodity trades are conducted; or (2) prices paid by independent third parties for such commodity trades with the Group on normal commercial terms;

- the members of the Group and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the merchandising according to the principles, and within the parameters, provided for under the Merchandising Framework Agreement; and

- the term of the Merchandising Framework Agreement is no more than three years commenced on 1 January 2018 and ending on 31 December 2020, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2018 was RMB600,000,000 and the fees received/receivable from Huadian Group is RMB2,024,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Merchandising Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(F) Finance Lease Framework Agreement

In the ordinary course of business, the Company entered into a finance lease framework agreement (the "Finance Lease Framework Agreement") with Huadian Leasing on 5 May 2017, pursuant to which, Huadian Leasing agreed to provide the finance lease service to the Group. The principal terms of the Finance Lease Framework Agreement are as follows:

- the service fees shall be determined by both parties through bidding process in accordance with relevant tendering and bidding laws; or through negotiations between both parties by reference to market prices if no bidding process is required according to law. Market prices refer to prices determined in the following priority order: (1) prices charged by independent third parties for such finance lease transactions with the Group on normal commercial terms in the same or adjacent areas where such finance lease transactions are conducted; or (2) prices charged by independent third parties for such finance lease transactions with the Group on normal commercial terms;

- the members of the Group and Huadian Leasing shall enter into separate agreements to set out the specific terms and conditions in respect of the finance lease according to the principles and within the parameters provided for under the Finance Lease Framework Agreement; and

- the term of the Finance Lease Framework Agreement is no more than three years commenced on 1 January 2018 and ending on 31 December 2020, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2018 was RMB1,000,000,000 and the fees paid/payable to Huadian Group is RMB70,697,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Finance Lease Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(G) Power Generation Rights Transfer Agreements

Power generation rights transfer agreement (I)

In the ordinary course of business, certain Xinjiang subsidiaries of the Company entered into a power generation rights transfer agreement with Huadian Jiangsu on 31 October 2018. Pursuant to the power generation rights agreement, Huadian Jiangsu agreed to transfer the power generation rights to such Xinjiang subsidiaries. The principal terms of the power generation rights transfer agreement are as follows:

- the unit transfer price for the power generation rights is RMB180/MWh (tax inclusive). Such unit transfer price is determined based on the arm's length discussion by both parties after taking into consideration the factors such as supply and demand of the current power market, the benchmark on-grid tariff for coal-fired power in relevant provinces as well as power generation cost per kilowatt hour for the coal-fired power generating units.

- the term of the power generation rights transfer agreement shall commenced on 31 October 2018 and ended on 31 December 2018.

The annual cap of the transaction for the year ended 31 December 2018 was RMB5,598,000 and the fees paid/payable to Huadian Jiangsu is RMB1,278,000.

Power generation rights transfer agreement (II)

In the ordinary course of business, certain Xinjiang subsidiaries of the Company entered into a power generation rights transfer agreement with Huadian Anhui on 31 October 2018. Pursuant to the power generation rights agreement, Huadian Anhui agreed to transfer the power generation rights to such Xinjiang subsidiaries. The principal terms of the power generation rights transfer agreement are as follows:

- the unit transfer price for the power generation rights is RMB180/MWh (tax inclusive). Such unit transfer price is determined based on the arm's length discussion by both parties after taking into consideration the factors such as supply and demand of the current power market, the benchmark on-grid tariff for coal-fired power in relevant provinces as well as power generation cost per kilowatt hour for the coal-fired power generating units.

- the term of the power generation rights transfer agreement shall commenced on 31 October 2018 and ended on 31 December 2018.

The annual cap of the transaction for the year ended 31 December 2018 was RMB27,432,000 and the fees paid/payable to Huadian Anhui is RMB26,689,000.

Power generation rights transfer agreement (III)

In the ordinary course of business, certain Gansu subsidiaries of the Company entered into a power generation rights transfer agreement with Huadian Jiangsu on 31 October 2018. Pursuant to the power generation rights agreement, Huadian Jiangsu agreed to transfer the power generation rights to such Gansu subsidiaries. The principal terms of the power generation rights transfer agreement are as follows:

- the unit transfer price for the power generation rights is RMB180/MWh (tax inclusive). Such unit transfer price is determined based on the arm's length discussion by both parties after taking into consideration the factors such as supply and demand of the current power market, the benchmark on-grid tariff for coal-fired power in relevant provinces as well as power generation cost per kilowatt hour for the coal-fired power generating units.

- the term of the power generation rights transfer agreement shall commenced on 31 October 2018 and ended on 31 December 2018.

The annual cap of the transaction for the year ended 31 December 2018 was RMB15,060,000 and the fees paid/payable to Huadian Jiangsu is RMB13,888,000.

Power generation rights transfer agreement (IV)

In the ordinary course of business, certain Xinjiang subsidiaries of the Company entered into a power generation rights transfer agreement with Huadian Kashgar on 11 December 2018. Pursuant to the power generation rights agreement, Huadian Kashgar agreed to transfer the power generation rights to such Xinjiang subsidiaries. The principal terms of the power generation rights transfer agreement are as follows:

- the unit transfer price for the power generation rights is RMB200/MWh (tax inclusive). Such unit transfer price is determined based on the arm's length discussion by both parties after taking into consideration the factors such as supply and demand of the current power market, the benchmark on-grid tariff for coal-fired power in the Xinjiang Uygur Autonomous Region as well as power generation cost per kilowatt hour for the coal-fired power generating units.

- the term of the power generation rights transfer agreement commenced on 11 December 2018 and ended on 31 December 2018.

The annual cap of the transaction for the year ended 31 December 2018 was RMB6,426,000 and the fees paid/payable to Huadian Kashgar is RMB6,332,000.

Power generation rights transfer agreement (V)

In the ordinary course of business, certain Xinjiang subsidiaries of the Company entered into a power generation rights transfer agreement with Huadian Changji on 11 December 2018. Pursuant to the power generation rights agreement, Huadian Changji agreed to transfer the power generation rights to such Xinjiang subsidiaries. The principal terms of the power generation rights transfer agreement are as follows:

- the unit transfer price for the power generation rights is RMB200/MWh (tax inclusive). Such unit transfer price is determined based on the arm's length discussion by both parties after taking into consideration the factors such as supply and demand of the current power market, the benchmark on-grid tariff for coal-fired power in the Xinjiang Uygur Autonomous Region as well as power generation cost per kilowatt hour for the coal-fired power generating units.

- the term of the power generation rights transfer agreement commenced on 11 December 2018 and ended on 31 December 2018.

The annual cap of the transaction for the year ended 31 December 2018 was RMB6,400,000 and the fees paid/payable to Huadian Changji is RMB2,239,000.

Power generation rights transfer agreement (VI)

In the ordinary course of business, certain Inner Mongolia subsidiaries of the Company entered into a power generation rights transfer agreement with Huadian Inner Mongolia on 17 December 2018. Pursuant to the power generation rights agreement, Huadian Inner Mongolia agreed to transfer the power generation rights to such Inner Mongolia subsidiaries. The principal terms of the power generation rights transfer agreement are as follows:

- the unit transfer price for the power generation rights is RMB227.2/MWh (tax inclusive). Such unit transfer price is determined based on the arm's length discussion by both parties after taking into consideration the factors such as supply and demand of the current power market, the benchmark on-grid tariff for coal-fired power in the Inner Mongolia Autonomous Region as well as power generation cost per kilowatt hour for the coal-fired power generating units.

- the term of the power generation rights transfer agreement commenced on 17 December 2018 and ended on 31 December 2018.

The annual cap of the transaction for the year ended 31 December 2018 was RMB22,720,000 and the fees paid/payable to Huadian Inner Mongolia is RMB22,720,000.

According to the Listing Rules, Huadian Jiangsu, Huadian Anhui, Huadian Kashgar, Huadian Changji and Huadian Inner Mongolia are connected persons (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the power generation rights transfer agreements constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company's independent non-executive Directors have reviewed such continuing connected transactions during the year 2018 and confirmed that:

(a) the transactions have been entered into in the ordinary and usual course of business of the Company;

(b) the transactions have been entered into (i) either on normal commercial terms or (ii) for the Company, the terms on a par with those that may be obtained or provided, as the case may be, by an independent third party, provided that the transactions available for comparison are insufficient for judging whether the terms for the transactions are normal commercial ones; and

(c) the transactions have been entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company, Ernst & Young, has been appointed by the Board and the general meeting and reported on the continuing connected transactions of the Company in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor letter has been provided by the Company to the Hong Kong Stock Exchange.

The related party transactions in 2018 that constitute "connected transaction" or "continuing connected transaction" as defined under Chapter 14A of the Listing Rules were disclosed in this section and note 38 to the Financial Statements. The Company and all Directors had reviewed all connected transactions and confirmed that the Company was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

We entered into the Non-Competition Agreement with Huadian on 4 June 2012, under which Huadian agreed not to, and to procure its unlisted subsidiaries not to, compete with us in the clean energy businesses and granted to us options for new business opportunities, options for acquisitions, and pre-emptive rights.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up a new business opportunity referred to us by Huadian and/or its subsidiaries, to exercise the option for an acquisition or to exercise our pre-emptive rights.

During the year, the independent non-executive Directors have reviewed the implementation of the Non-Competition Agreement and have confirmed that Huadian has been in full compliance with the agreement and there was no breach by Huadian.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2018, the purchase from the Group's five largest coal suppliers in aggregate contributed 69.8% of the Group's total purchase of coal for the year, among which, the total purchase from the largest coal supplier contributed 35.9% of the Group's total purchase of coal for the year.

For the year ended 31 December 2018, the purchase from the Group's five largest equipment suppliers in aggregate contributed 60.1% of the Group's total purchase of equipment for the year, among which, the total purchase from the largest equipment supplier contributed 15.5% of the Group's total purchase of equipment for the year.

For the year ended 31 December 2018, the sales to the Group's five largest customers in aggregate contributed 57.5% of the Group's total sales for the year, among which, the sales to the largest customer contributed 35.1% of the Group's total sales for the year.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in note 39 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND REPORT

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and complies with the code provisions as set out in the Corporate Governance Code and Report in Appendix 14 to the Listing Rules. The Company has complied with all code provisions as set out in Appendix 14 of the Listing Rules for the Reporting Period.

Please refer to the "Corporate Governance Report" as set out on pages 94 to 113 of this annual report for details.

PUBLIC FLOAT

Based on the information publicly available to the Company and so far as the Directors are aware, 30.57% of the issued share capital of the Company was held by the public as at the Latest Practicable Date, which was in compliance with the requirements under the Listing Rules.

MATERIAL LITIGATION

As at 31 December 2018, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claim are pending or threatened against the Company.

CHARITABLE DONATIONS

During the Reporting Period, charitable donation made by the Group was approximately RMB4.97 million.

SIGNIFICANT EVENTS AFTER THE END OF REPORTING PERIOD

On 22 March 2019, the Board proposed a final dividend for the year ended 31 December 2018. Further details are disclosed in note 30(b) to the Financial Statements.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company has reviewed the annual consolidated financial statements for the year ended 31 December 2018, and is of the view that the Group's consolidated financial statements for the year ended 31 December 2018 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

AUDITORS

Ernst & Young was appointed as the auditors for the financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2018. The enclosed Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by Ernst & Young. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditors of the Company.

KPMG had been serving as the Company's auditor since 2012, and the service term of KPMG was expired at the conclusion of the 2017 annual general meeting of the Company. The Company has appointed Ernst & Young as its auditors since 28 June 2018.

By order of the Board
Huadian Fuxin Energy Corporation Limited
Chairman of the Board
HUANG Shaoxiong

Beijing, the PRC, 22 March 2019

I. BIOGRAPHIES OF THE INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Executive Directors

HUANG Shaoxiong, aged 56, has been appointed as the Chairman and an executive Director of the 3rd session of the Board of the Company since 25 August 2017. Mr. HUANG graduated from the Department of electric motor of Fuzhou University with a bachelor degree in engineering majoring in power plant and power systems. He is also a senior engineer. He had been serving as the director of the electrics branch, the chief of the enterprise management section, the deputy plant director and the plant director of Fujian Ansha Hydropower Plant; the plant director of Fujian Shaxikou Hydropower Plant; the plant director of Fujian Shuikou Hydropower Plant; the president of Shuikou Power Generation Company; the president of Shuikou Hydropower Plant Construction Corporation; the chairman of the board of directors of Fujian Youxi Basin Hydropower Development Co., Ltd.; the vice president and the president of Huadian Fujian Power Generation Company Limited; the president of China Huadian Corporation Ltd. Fujian Branch; an executive director of the 1st session of the board of directors of Huadian Fuxin Energy Corporation Limited; an executive director and the president of Huadian Tendering Co. Ltd; and an executive director and the president of China Huadian Materials Company Limited.

WU Jianchun, aged 55, has been appointed as an executive Director of the 3rd session of the Board and the General Manager of the Company since 25 August 2017. Mr. WU graduated from the Department of fluvial ecosystem of East China Water Conservancy College with a bachelor degree in engineering majoring in power equipment of hydroelectric power station. He is also a senior engineer. He served as the deputy director of operation branch, the director of production department, the deputy chief engineer, the deputy plant director and the plant director of Wuxi River Hydropower Plant; the plant director of Zhejiang Huadian Wuxi River Hydropower Plant; the director of the Zhejiang Representative Office of China Huadian Corporation Ltd.; the executive deputy director of the Preparation Office of Zhejiang Huadian Sanmen Power Plant; the deputy general manager of CHD Power Plant Operation Co., Ltd.; and the secretary of the Party committee of Guangdong Branch of China Huadian Corporation Ltd.

LI Lixin, aged 52, has been re-elected as an executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. LI graduated from Shanghai Jiao Tong University with a master's degree in engineering majoring in thermal power machinery and equipment and was granted the title of senior engineer He was an executive Director of the second session of the Board of the Company from June 2014 to June 2017. He had served as the deputy chief engineer, chief engineer and general manager of Fujian No. 1 Electric Power Construction Company (福建省第一電力建設公司), the director-general of the planning and infrastructure department of Fujian branch of China Huadian Corporation Ltd., the deputy general manager and general manager of Fujian Huadian Kemen Power Generation Co., Ltd., the deputy general manager of Huadian Fujian Power Generation Co., Ltd. (華電福建發電有限公司), the deputy general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited, the deputy general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited, the deputy general manager of Huadian Fuxin Energy Corporation Limited and an executive Director of the 1st session of the board of directors of Huadian Fuxin Energy Corporation Limited.

Non-executive Directors

TAO Yunpeng, aged 48, has been re-elected as a non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. TAO graduated from Tsinghua University with a master's degree in engineering majoring in industrial engineering and was granted the title of senior accountant. Mr. TAO was a non-executive Director of the second session of the Board from June 2014 to June 2017. He served as the deputy chief accountant of Huadian Power International Corporation Limited, the deputy director of capital operation and property management department of China Huadian Corporation Ltd., the vice general manager of Huadian Fuxin Energy Corporation Limited, and a non-executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited. Mr. TAO is currently the director of the capital operating and equity management department of China Huadian Corporation Ltd., and the vice chairman of Huadian Energy Company Limited (華電能源股份有限公司) (stock code: 600726.SH).

SHI Chongguang, aged 56, has been appointed as a non-executive Director of the 3rd session of the Board of the Company since 28 December 2018. Mr. SHI graduated from North China Electric Power University with a bachelor's degree in engineering majoring in mechanical design and manufacturing. He is a professor-level senior engineer. He worked as the deputy chief engineer of the mechanical department, the deputy director of the general engineering office, the deputy director of the general contracting management department, the head of the mechanical department and the Party branch secretary of Northwest Electric Power Design Institute, the deputy director of the business development department, the deputy general manager and the general manager of China Power Engineering Consulting (Group) Technology Development Co., Ltd. He currently serves as the general manager of China Power Engineering Consulting (Group) Investment Co., Ltd.

MEI Weiyi, aged 45, Canadian, has been appointed as a non-executive Director of the 3rd session of the Board of the Company since 25 August 2017. Mr. MEI graduated from the University of Alberta, Canada, majoring in business administration (MBA) in mathematical finance. He previously served as the general manager of the Equity Investment Department of China Re Asset Management Company Ltd., the investment director of the asset management headquarters of China Investment Securities, the senior investment manager of the asset management department of Haitong Securities, and a funds management officer and derivatives trader at the Canadian Wheat Board, etc. He is currently the deputy general manager and an executive director of China Re Asset Management (Hong Kong) Company Ltd.

Independent Non-executive Directors

ZHANG Bai, aged 58, has been re-elected as an independent non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. ZHANG obtained his bachelor's degree in accounting from Xiamen University and his master's degree in business administration (MBA) from the Open University of Hong Kong. He was an independent non-executive director of the 1st and 2nd sessions of the Board of the Company. Currently, he is a professor of the school of economic and management of Fuzhou University, the director of the Eighth Accounting Society of China, director of the Seventh China Commercial Accounting Institute, the vice chairman of the Seventh Council of Fujian Auditing Society, and the vice chairman of the Fifth Council of Fujian Business Accounting Society. He served as a teacher, director-general of department and deputy dean of Fuzhou University, the director of Minxing Accountants Firm of Fuzhou University and a certified public accountant.

TAO Zhigang, aged 53, has been re-elected as an independent non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. TAO obtained his doctor's degree in economics from Princeton University. Currently, Mr. TAO is professor in strategic management and economics as well as the superintendent of Institute for China and Global Development of University of Hong Kong. He is engaged by China Centre for Economic Research and Centre for China in the World Economy of Tsinghua University as a senior researcher and specially-appointed researcher, respectively, and also a specially-appointed professor of Fudan University management school. His major research fields include commercial organisations and management, competing strategies and economy restructure. Currently, Mr. TAO is also an independent non-executive director of China Lesso Group Holdings Limited (中國聯塑集團控股有限公司) (stock code: 02128.HK).

WU Yiqiang, aged 67, has been re-elected as an independent non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. WU graduated from Jilin University and is a professorate senior engineer. Since October 2011, he has been a consultant of China Power Construction and Engineering Consulting Co., Ltd. He had served as the deputy director of chief engineers' office of Shanxi Investigation Academy, head of the management section of the exploration department and deputy director of the exploration department of Electric Power Planning & Engineering Institute under Ministry of Energy, the assistant to the dean and director of business planning section of Electric Power Planning and Engineering Institute under Ministry of Electric Power, the assistant to the general manager and head of business planning department, and the deputy general manager of China Power Engineering and Construction Consulting Co., Ltd., assistant to the general manager and head of business planning department of China Power Engineering Consulting Corporation, the chairman of China Electric Power Planning & Engineering Association, the vice chairman of China Engineering and Consulting Association, the vice chairman of the engineering general contracting branch under China Engineering and Consulting Association, a standing member of Geotechnical Engineering Academic Committee under Architectural Society of China, the deputy director of the second session of the Survey and Design Standardization Committee in the Electric Power Industry and the deputy general manager of China Power Construction Engineering Consulting Co., Ltd.

Supervisors

LI Changxu, aged 56, has been re-elected as the Chairman of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Mr. LI graduated from the adult higher education department of Renmin University of China with a bachelor's degree in finance and accounting and was granted the title of senior accountant. Mr. LI was the chairman of the second session of the Board of Supervisors of the Company from June 2014 to June 2017. He also served as deputy division chief of division III of the branch of China National Audit office in Ministry of Electric Power (國家審計署駐電力部審計局), the deputy division chief of the production audit department, the deputy division chief of division II of the audit department and the division chief of the integration division of the audit department of State Power Corporation of China, the deputy director-general of the supervision and audit department, the deputy director-general of audit department and the director general of audit department of China Huadian Corporation Ltd., and the chairman of the 1st session of the board of supervisors of Huadian Fuxin Energy Corporation Limited. He is now the deputy chief accountant of China Huadian Corporation Ltd.

WANG Kun, aged 48, has been re-elected as a Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Mr. WANG graduated from Peking University with a master's degree in management and was granted the title of Chartered Financial Analyst (CFA). Mr. WANG was a Supervisor of the second session of the Board of Supervisors from June 2014 to June 2017. He served as manager of the direct investment department of China National Petroleum Corporation Assets Management Co., Ltd. (中油資產管理有限公司), a subsidiary of China National Petroleum Corporation, vice president of the JRJ.com, person-in-charge of the securities project team of Ao Yier Investment Management Company (奧伊爾投資公司), a subsidiary of China National Petroleum Corporation, a fund manager of the futures and funds department of China International Futures Co., Ltd., and the supervisor of the 1st session of the Board of Supervisors of Huadian Fuxin Energy Corporation Limited. Mr. Wang is now the manager of the asset management department of Kunlun Trust Co., Ltd. (昆侖信託有限責任公司), a subsidiary of China National Petroleum Corporation.

XU Lei, aged 52, has been appointed as a Supervisor of 3rd session of the Board of Supervisors of the Company since 28 June 2018. Mr. XU graduated from Harbin Institute of Technology with a bachelor's degree in business administration. Mr. XU served as the deputy office director, director of the publicity department, director of the political work department and secretary of Youth League Committee of Nanding Thermal Power Plant, the director of the political work department of Zibo SIPD Power Company Limited, the manager of a material company, the secretary of the discipline committee, the chairman of the labor union and a member of the Party committee of Huadian Zibo Thermal Power Company Limited, director of the first discipline inspection and supervision division of the supervisory department of China Huadian Corporation Ltd., the director of the efficiency supervision division of the supervisory department (the Discipline Inspection Group Office) of China Huadian Corporation Ltd., head of the Party discipline inspection committee and chairman of the labour union of Guodian Nanjing Automation Co., Ltd. as well as a member of the Party committee, secretary of the discipline committee and the director of the working committee of Huadian Group Beijing Fuel Logistics Co., Ltd. Currently, he also serves as head of the discipline inspection committee of China Huadian Engineering Co., Ltd. dispatched by the Party Discipline Inspection Committee of China Huadian Corporation Ltd. and a member of the Party committee and secretary of the discipline committee of China Huadian Engineering Co., Ltd.

HU Xiaohong, aged 48, has been re-elected as a Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Ms. HU graduated from Shenzhen University with a bachelor's degree in accounting and was granted the title of senior accountant. Ms. HU was a Supervisor of the second session of the Board of Supervisors of the Company from June 2014 to June 2017. She previously held positions of deputy director of the finance office of the construction management department of the machinery expansion project, director of the finance department and deputy chief economist in Wujiangdu Hydropower Plant of Wujiang Hydropower, the deputy director of the assets management department of Wujiang Hydropower and a supervisor of the 1st session of the board of supervisors of Huadian Fuxin Energy Corporation Limited. Ms. HU is now the director of the financial management department of Wujiang Hydropower.

DING Ruiling, aged 54, has been re-elected as an independent Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Ms. DING is the professor, doctor and dean of audit department of accounting school with Central University of Finance and Economies (中央財經大學). She has ever conducted further research and studies in Arthur Andersen (日本朝日監查法人) with focus on auditing theory and practices. Ms. DING's major research fields include accounting, auditing, corporate internal control and auditing theory & practices, especially on the modern corporate internal control and security market.

GUO Xiaoping, aged 62, has been re-elected as an independent Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. He graduated from Tianjin University of Finance and Economics with a bachelor degree in International Finance and Sun Yat-sen University with a master degree in Economic Law. Mr. GUO had served as vice director and director of the reserves division under State Administration of Foreign Exchange, general manager of China Investment Corporation (Singapore), vice director-general of Foreign Exchange Reserves Department and vice director-general of Management and Inspection Department under State Administration of Foreign Exchange and assistant to president, vice president, vice presidential director, senior counsellor of the president office and the chief representative of the Beijing Office of China Guangfa Bank.

ZHU Deyuan, aged 45, has been appointed as an Employee Representative Supervisor of the 3rd session of the Board of Supervisors of the Company since 20 July 2017. Mr. ZHU graduated from the Correspondence School of Shanghai University of Electric Power with a bachelor's degree. He is a senior engineer. He previously served as the deputy director and the secretary of the CPC branch (part-time) of the furnace team of the Maintenance Company under Laicheng Power Plant of Huadian International, grade one staff member and deputy director of the integration management department of Huadian New Energy Development Co., Ltd. and office director of Fujian branch of Huadian Fuxin Energy Corporation Limited. Mr. ZHU is now the director of the general office and the director of the human resources department of the Company.

CHEN Wenxin, aged 51, has been re-elected as an Employee Representative Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Mr. CHEN graduated from the undergraduate course of party management in the correspondence college of the Party School of the Central Committee of the C.P.C. (中共中央黨校) and is a senior administrative officer. He served as the deputy secretary of the Party committee, chairman of the labor union and secretary of discipline committee of Fujian Longyan Power Plant (福建龍岩電廠), deputy secretary of the Party committee of Fujian Zhangping Power Plant (福建漳平電廠), deputy director-general of the politics work department, secretary of group discipline committee and chairman of group labor union of Huadian Fujian Power Generation Co., Ltd. (華電福建發電有限公司), secretary of the Party committee of Fujian Ansha Hydropower Plant (福建安砂水電廠), the director-general of the human resources department of the Company, and the deputy chief economist of Fujian branch of Huadian Fuxin Energy Corporation Limited. Mr. CHEN is currently a member of the Party committee and the secretary of the discipline committee of Gansu branch of Huadian Fuxin Energy Corporation Limited.

LAI Jiaxing, aged 36, has been appointed as an Employee Representative Supervisor of the Board of Supervisors of the Company since 12 March 2018. Mr. LAI graduated from North China University of Water Resources and Electric Power with a bachelor's degree majoring in thermal energy and power engineering and is a senior political work engineer. Mr. LAI served as the deputy director of the general manager working department and the deputy secretary of the first Party general branch of Fujian Huadian Kemen Power Generation Co., Ltd., the secretary of the Communist Youth League Committee of Huadian Fuxin Energy Corporation Limited. Mr. LAI is currently the deputy director of the Department of Party Building (Discipline Inspection Office) of Huadian Fuxin Energy Corporation Limited and the secretary of the Communist Youth League Committee of Huadian Fuxin Energy Corporation Limited.

Senior Management

For the biography of WU Jianchun, please refer to "Executive Directors" above.

HUANG Shenyang, aged 58, was engaged as a deputy secretary of the Party committee and secretary of discipline committee of the Company on 14 March 2017 and 30 October 2017, respectively. Mr. HUANG graduated from Tsinghua University with a master degree in management and is a senior engineer. He previously served as a deputy director of the Integration Operation Division of Electric Machinery Bureau under Ministry of Electric Power (電力部電力機械局), assistant to general manager, deputy general manager of Xiamen Huadian Machinery Associated Company (廈門華電機械聯營公司), head of international cooperation division of Electric Machinery Bureau under Ministry of Electric Power, deputy general manager, standing deputy general manager, general manager of Xiamen Huadian Power Station Equipment Company (廈門華電電站裝備公司), deputy chief economist, head of import and export department, director of business and legal affairs department of China Huadian Power Station Equipment Engineering Group Corporation (中國華電電站裝備工程(集團)總公司), deputy chief economist, general manager of overseas engineering department of China Huadian Engineering Co., Ltd., deputy general manager of Huadian Fuel Company Limited, deputy general manager of Huadian Coal Industry Group Co., Ltd., secretary of the Party committee, deputy general manager of Huadian Jinshan Energy Co., Ltd., secretary of the Party committee of Shenyang Jinshan Energy Co., Ltd. and secretary of the Party committee, deputy general manager and chairman of Huadian Property Co., Ltd.

MA Junbiao, aged 56, was engaged as a vice general manager of the Company on 20 December 2017. Mr. MA graduated from Xiamen University with an MBA degree. He is also a professor-level senior engineer. He successively served as head of technique division, deputy chief engineer, assistant to plant manager, chief engineer of Zhengzhou Water Resources Machinery Plant (鄭州水工機械廠) under Ministry of Electric Power, standing deputy general manager of Wuhan Huadian Steel Structure Co., Ltd. (武漢華電鋼結構有限公司), deputy director of water and power division of China Huadian Power Station Equipment Corporation (中國華電電站裝備工程總公司), deputy general manager and general manager of steel structure department of China Huadian Engineering (Group) Co., Ltd. (中國華電工程(集團)有限公司), deputy general manager of Huadian Tendering Co. Ltd, deputy general manager and general counsel of China Huadian Engineering (Group) Co., Ltd. (中國華電工程(集團)有限公司), general manager of Huadian Heavy Machinery Co., Ltd. (華電重工機械有限公司), deputy general manager and general counsel of China Huadian Engineering Co., Ltd., a director and general manager of Huadian Heavy Industries Co., Ltd.

WANG Huiping, aged 51, was engaged as the chief financial officer of the Company on 20 December 2017. Ms. WANG graduated from Changsha University of Electric Power in Hunan with a bachelor's degree in Economics. She is a senior accountant. She previously served as the deputy director and director of finance department of Shandong Nanding Thermal Power Plant, director of finance department, the deputy chief accountant of Zibo SIPD Power Company Limited, the deputy chief accountant, assistant to general manager, deputy general manager, chief accountant of Huadian Zibo Thermal Power Company Limited, the director of planning and finance department of Shandong Branch of Huadian Power International Corporation Limited, the deputy head of finance division, deputy director and director of finance and assets department, and director of asset management department of Huadian Power International Corporation Limited.

SUN Tao, aged 42, was appointed as a vice general manager, chief legal adviser and secretary to the Board of the Company on 29 June 2017, 9 November 2018 and 26 November 2018, respectively. Mr. SUN graduated from Aalborg University in Denmark with a doctor's degree. He is a senior engineer. Mr. SUN served as project manager of technology and development department, project manager of the engineering and construction department at China Longyuan Power Group Co. Ltd., the assistant to the general manager and manager of the engineering department at Jilin Longyuan Wind Power Generation Co., Ltd., the project manager of the technology and information department, the senior project manager at China Longyuan Power Group Co. Ltd. and the deputy director of the Renewable Energy Research and Development Centre, secretary (vice division level) of the general manager working department of China Guodian Corporation, the deputy division chief in the first secretary division of the general manager working department, secretary (division chief level) of the secretary division of the general office, and the assistant to the director of the general office at China Huadian Corporation Ltd..

LIN Wenbiao, aged 49, was engaged as the vice general manager of the Company on 6 February 2018. Mr. LIN obtained a bachelor's degree in power system and automation from Fuzhou University and a bachelor's degree in management engineering (electricity enterprises management) from North China Electricity Power University and is a senior engineer. Mr. LIN served as deputy operation director of Xiamen Power Plant, the general manager of Fujian Ruixin Group Co., Ltd., the deputy director of the general manager working department of Huadian Fujian Power Generation Company Limited, chairman of Fujian Ruixin Group Co., Ltd. (福建瑞新集團有限公司), the director of the political work department and vice chairman of the labor union of Huadian Fujian Power Generation Company Limited, director of the planning and development department of China Huadian Corporation Ltd. (Huadian Fuxin Energy Corporation Limited) Fujian branch, the director of planning and development department of Huadian Fuxin Energy Corporation Limited, and the assistant to the general manager and the director of the general office (law affairs department) of Fujian branch of China Huadian Corporation Ltd..

Company Secretary

LEE Kwok Fai Kenneth, the company secretary of the Company, is the director and head of the corporate secretarial department of TMF Hong Kong Limited. Mr. LEE has over 20 years' experiences in providing transaction services in Greater China. Mr. LEE graduated from University of Toronto, Canada with a bachelor's degree in Commerce. He is an associate member of Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and a Chartered Financial Analyst.

2. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN 2018

(I) Remuneration of Directors and Supervisors

Name	Position	Total remuneration received from the Company for the year ended 31 December 2018 *(RMB'000)*
Mr. HUANG Shaoxiong	Chairman of the Board and Executive Director	855
Mr. WU Jianchun	Executive Director and General Manager	855
Mr. LI Lixin	Executive Director	849
Mr. TAO Yunpeng	Non-executive Director	–
Mr. SHI Chongguang(1)	Non-executive Director	–
Mr. MEI Weiyi	Non-executive Director	–
Mr. ZHANG Bai	Independent Non-executive Director	100
Mr. TAO Zhigang	Independent Non-executive Director	100
Mr. WU Yiqiang	Independent Non-executive Director	100
Mr. LI Yinan(2)	Former Non-executive Director	–
Mr. LI Changxu	Chairman of the Board of Supervisors	–
Mr. WANG Kun	Supervisor	–
Mr. XU Lei(3)	Supervisor	–
Ms. HU Xiaohong	Supervisor	–
Mr. CHEN Wenxin	Employee Representative Supervisor	612
Mr. ZHU Deyuan	Employee Representative Supervisor	628
Mr. LAI Jiaxing(4)	Employee Representative Supervisor	487
Ms. DING Ruiling	Independent Supervisor	80
Mr. GUO Xiaoping	Independent Supervisor	80
Mr. HOU Jiawei(5)	Former Supervisor	–
Mr. YAN Zhongjun(6)	Former Employee Representative Supervisor	–

Notes:

(1) Mr. SHI Chongguang was appointed as a non-executive Director of the Company on 28 December 2018.

(2) Mr. LI Yinan resigned as a non-executive Director of the Company on 28 December 2018.

(3) Mr. XU Lei was appointed as a Supervisor of the Company on 28 June 2018.

(4) Mr. LAI Jiaxing was appointed as an Employee Representative Supervisor of the Company on 12 March 2018.

(5) Mr. HOU Jiawei resigned as a Supervisor of the Company on 28 June 2018.

(6) Mr. YAN Zhongjun resigned as an Employee Representative Supervisor of the Company on 12 March 2018.

(II) Remuneration of Senior Management

During the year ended 31 December 2018, the remuneration of the senior management of the Company falls within the following bands:

	Number of persons
RMB0.7 million to RMB0.9 million	3
RMB0.6 million to RMB0.7 million	3

In 2018, under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at the core, the Chinese governments at all levels and their departments earnestly carried out and implemented the decisions and arrangements made by the CPC Central Committee and the State Council. By following the underlying principle of making progress while maintaining stability, adhering to the new development philosophy, pursuing high-quality development and focusing on the main task of supply-side structural reform, the Chinese governments at all levels and their departments made concerted efforts to overcome obstacles and difficulties. As a result, the main targets set for economic and social development were well achieved, with China's GDP reaching RMB90,030,900 million, representing an increase of 6.6% over the previous year and having accomplished the anticipated growth target of around 6.5%.

The overall power supply was sufficient across the country. The overall power consumption was 6,840 million MWh, representing an increase of 8.5% over the previous year, 1.5 percentage points higher than the growth rate of the previous year. The total electricity output reached 6,990 million MWh, representing an increase of 8.4% over the previous year. The power generation by type was as follows: wind power generation amounted to 370 million MWh, representing an increase of 20.2% over the previous year; solar power generation amounted to 180 million MWh, representing an increase of 50.8% over the previous year; hydropower generation amounted to 1,230 million MWh, representing an increase of 3.2% over the previous year; coal-fired power generation amounted to 4,920 million MWh, representing an increase of 7.3% over the previous year; and nuclear power generation amounted to 300 million MWh, representing an increase of 18.6% over the previous year. As at the end of 2018, China's total installed capacity of power generation was 19.0 billion MW, representing an increase of 6.5% over the previous year. Specifically, the wind power installed capacity was 1,840 million MW, representing an increase of 12.4% over the previous year; the solar power installed capacity was 1,750 million MW, representing an increase of 33.9% over the previous year; the hydropower installed capacity was 3,520 million MW, representing an increase of 2.5% over the previous year; the coal-fired power installed capacity was 11,440 million MW, representing an increase of 3.0% over the previous year; and the nuclear power installed capacity was 450 million MW, representing an increase of 24.7% over the previous year. The average utilisation time of power generation units throughout the year was 3,862 hours, representing an increase of 73 hours over the previous year. Specifically, the wind power utilisation time was 2,095 hours, representing an increase of 146 hours over the previous year; solar power utilisation time was 1,115 hours, representing an increase of 37 hours over the previous year; hydropower utilisation time was 3,613 hours, representing an increase of 16 hours over the previous year; coal-fired power utilisation time was 4,361 hours, representing an increase of 143 hours over the previous year; and nuclear power utilisation time was 7,184 hours, representing an increase of 95 hours over the previous year.

I. BUSINESS REVIEW

In 2018, the Group promoted the implementation of the development strategies across the board, vigorously promoted the high-quality development of the Group, took full advantage of the diversified power generating assets, and actively coped with the adverse situation of rising fuel costs, intensified market competition and almost dried up water flow for hydropower generation. As a result, positive achievements have been made in the various activities of the Group: the gross power generation of the Group throughout the year was 44,573,721.3 MWh, representing an increase of 4.7% over the previous year; the profit attributable to equity holders of the Company was RMB2,268.5 million, representing an increase of 7.2% over the previous year; and the capacity of approved power generation projects was 705 MW, the newly-added consolidated installed capacity was 744.1 MW and the percentage of clean energy installed capacity to the total installed capacity was 77.9%.

The respective consolidated installed capacity of the power generating assets of the Group as of 31 December 2018 and 2017 by type was:

Consolidated Installed Capacity (MW)

Type	2018	2017	Change percentage
Wind power	**7,993.0**	7,698.2	3.8%
Solar power	**1,155.6**	1,155.6	0.0%
Hydropower	**2,607.9**	2,507.9	4.0%
Coal-fired power	**3,600.0**	3,600.0	0.0%
Natural gas-fired power (distributed)	**902.6**	553.2	63.2%
Other clean power	**25.3**	25.3	0.0%
Total	**16,284.4**	15,540.2	4.8%

The respective attributable consolidated installed capacity of the power generating assets of the Group as of 31 December 2018 and 2017 by type was:

Attributable Consolidated Installed Capacity (MW)

Type	2018	2017	Change percentage
Wind power	**7,456.2**	7,163.4	4.1%
Solar power	**1,120.8**	1,120.8	0.0%
Hydropower	**1,967.0**	1,867.0	5.4%
Coal-fired power	**3,740.4**	3,740.4	0.0%
Natural gas-fired power (distributed)	**1,037.0**	786.4	31.9%
Other clean power	**25.1**	25.1	0.0%
Nuclear power	**1,948.8**	1,698.8	14.7%
Total	**17,295.3**	16,401.9	5.4%

The respective gross generation of the power generating assets of the Group in 2018 and 2017 by type was:

Gross Power Generation (MWh)

Type	2018	2017	Change percentage
Wind power	**16,869,057.5**	14,757,286.7	14.3%
Solar power	**1,613,383.0**	1,345,482.1	19.9%
Hydropower	**5,790,818.4**	9,106,060.4	-36.4%
Coal-fired power	**17,513,697.9**	15,016,453.9	16.6%
Natural gas-fired power (distributed)	**2,620,624.7**	2,167,345.0	20.9%
Other clean power	**166,139.8**	165,980.0	0.1%
Total	**44,573,721.3**	42,558,608.1	4.7%

(I) Wind Power Business

As of 31 December 2018, the Group had consolidated wind power installed capacity of 7,993.0 MW, representing an increase of 3.8% as compared with that as of 31 December 2017. During the period from 1 January 2018 to 31 December 2018 (the "Reporting Period"), the consolidated installed capacity of the Group's new wind power projects which had commenced operation was 294.7 MW. The gross wind power generation was 16,869,057.5 MWh, representing an increase of 14.3% over the previous year. The average on-grid tariff (tax exclusive) was RMB430.2/MWh, representing a decrease of RMB15.6/MWh, or 3.5%, over the previous year. The average wind power utilisation time was 2,128 hours, representing an increase of 9.7% over the previous year.

In 2018, we took full advantage of the country's various policies on promoting new energy consumption and strengthened communication and coordination with the dispatch departments of power grid companies, resulting in a significant increase in the key operating indicators of the wind power business of the Group. The wind power segment recorded utilisation time of 2,128 hours, representing an increase of 188 hours over the previous year, of which the utilisation time of the Gansu Region, Jilin Region and Eastern Inner Mongolia Region increased by more than 400, 300 and 200 hours over the previous year, respectively.

In 2018, we focused on improving the reliability and efficiency of wind power equipment and continued to carry out comprehensive improvement of generator sets with high failure and wind power sets with poor power generation performance. As a result, remarkable achievements had been made in the comprehensive improvement and operation maintenance and management of wind power equipment, as evidenced by an utilisation ratio of wind turbines of 98.79%.

In 2018, the Group steadily optimised its wind power development layout, developed qualified wind power projects in an orderly manner, and devoted great efforts to facilitate wind power projects in the central and southeast regions where power generation is not curtailed. In 2018, five new wind power projects with an aggregate capacity of 675.0 MW were approved.

(II) Solar Power Business

As of 31 December 2018, the Group had consolidated solar power installed capacity of 1,155.6 MW.

In 2018, the Group's total solar power output was 1,613,383.0 MWh, and the average on-grid tariff (tax exclusive) was RMB804.3/MWh, representing a decrease of RMB33.0/MWh or 3.9% over the previous year. The average solar power utilisation time was 1,395 hours, representing an increase of 4.8% over the previous year.

(III) Hydropower Business

As of 31 December 2018, the Group had consolidated hydropower installed capacity of 2,607.9 MW, comprising newly-added capacity of 100 MW and had capacity under construction of 1,200 MW.

In 2018, the gross hydropower generation of the Group was 5,790,818.4 MWh, representing a decrease of 36.4% over the previous year; and the average on-grid tariff (tax exclusive) was RMB288.6/MWh, representing an increase of RMB3.9/MWh or 1.4% over the previous year.

In 2018, due to almost dried up water flow across Fujian Province, the accumulated inflow of seven leading reservoirs decreased by 38.2% year on year to 11,694 million cubic meter, 42.5% lower than the average level of the past years. Hence, the Group increased its reservoir storage power to more than 400,000 MWh from 259,000 MWh at the beginning of the year by overcoming the adverse conditions including low reservoir storage power and almost dried up water flow faced at the beginning of the year and making scientific refilling arrangements for leading reservoirs. Meanwhile, the Group enhanced utilisation rate of water resources through careful optimization of watershed management, realising utilisation time of 2,311 hours, 15 hours more than the utilisation time of hydropower under unified dispatch in Fujian province.

(IV) Coal-fired Power Business

As at 31 December 2018, the Group had consolidated coal-fired power installed capacity of 3,600.0 MW, with one project under construction.

In 2018, the gross coal-fired power generation of the Group was 17,513,697.9 MWh, representing an increase of 16.6% over the previous year. The average coal-fired power utilisation time was 4,865 hours, representing an increase of 16.6% over the previous year; the coal consumption for power generation was 306.8 g/KWh, representing a decrease of 0.13% from the previous year; the average on-grid tariff (tax exclusive) was RMB343.3/MWh, representing an increase of RMB16.9/MWh or 5.2% over the previous year. As affected by high domestic coal prices and restrictions on total coal imports during the Reporting Period, the average unit price (tax exclusive) of the standard coal of the Group's coal-fired power companies reached RMB788.1/ton, representing an increase of RMB43.5/ton, or 5.8%, over the previous year.

For the coal-fired power segment in 2018, the Group secured power generation of 17,513,697.9 MWh by improving coal dispatching and transportation to get rid of the adverse impacts caused by coal import restrictions and by striving for a higher power generation quota and strengthening process benchmarking to take full advantage of the favourable conditions arising from almost dried up water flow in Fujian province, thereby successfully accomplishing the goal of surpassing the "three same" standards in both "quantity and quality". Specifically, the market share of base power generation and market-driven power generation was 0.27 and 0.12 percentage points respectively higher than the capacity share, and the Group recorded a positive deviation of 47 hours in the "three same" benchmarking of five major power generation groups regarding utilisation time of coal-fired units; and the on-grid tariff of base power generation and the trading tariff of market-driven power generation were RMB0.45 cents/KWh and RMB0.19 cents/KWh higher than the provincial averages.

(V) Natural Gas-fired Power (distributed) Business and Other Business

As at 31 December 2018, the consolidated installed capacity put into operation of natural gas-fired power (distributed) projects of the Group amounted to 902.6 MW. During the Reporting Period, the Group recorded an increase of 349.4 MW in its consolidated installed capacity newly put into operation of natural gas-fired power projects. The consolidated installed capacity of the projects under construction was 1,617.4 MW.

As of 31 December 2018, the Group held 39% equity interest in Fuqing Nuclear Power Plant and 10% equity interest in Sanmen Nuclear Power Co., Ltd. The Nos. 1 to 4 generator sets of Fuqing Nuclear Power Plant were under good operation. The Nos. 1 to 2 generator sets of Sanmen Nuclear Power commenced commercial operation in September and November 2018.

As of 31 December 2018, we also had two biomass power projects under operation, with consolidated installed capacity of 25.3 MW in our holding.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited financial statements of the Group together with the accompanying notes.

1. Overview

In 2018, the Group recorded a steady growth of its profit. In particular, the profit attributable to equity holders of the Company for the year of 2018 amounted to RMB2,268.5 million, representing an increase of 7.2% as compared with RMB2,117.0 million in 2017.

2. Revenue

The Group's revenue increased by 9.0% to RMB18,329.7 million in 2018 as compared with RMB16,812.7 million in 2017, primarily due to the increase in revenue from electricity sales of the Group's coal-fired power, wind power and natural gas-fired power (distributed) segments. The Group's revenue from sales of electricity increased by 7.9% to RMB17,345.0 million in 2018 as compared with RMB16,068.7 million in 2017, primarily due to a year on year increase of 5% in the Group's electricity sales, an increase of 3% in average unit price of electricity and higher percentage of the new energy power generation, reflecting the stable business growth of the Group during such periods.

The respective segment revenue of the Company in 2018 and 2017 is as follows:

	2018 ***RMB in million***	2017 *RMB in million*	Change percentage
Wind power	**7,083.4**	6,401.1	10.7%
Solar power	**1,232.1**	1,093.2	12.7%
Hydropower	**1,693.4**	2,517.9	-32.7%
Coal-fired power	**6,116.0**	4,896.4	24.9%
Natural gas-fired power (distributed)	**1,963.6**	1,583.4	24.0%
Other	**160.3**	185.3	-13.5%
Total revenue of the reported segments	**18,248.8**	16,677.3	9.4%

3. Other income

In 2018, the Group's other income increased by 63.1% to RMB342.8 million as compared with RMB210.2 million in 2017, primarily due to the government grants received during the year of RMB213.5 million, as compared with RMB125.7 million in 2017, representing an increase of 69.8% and the default penalty income during the year of RMB81.0 million, as compared with RMB34.1 million in 2017, representing an increase of 137.5%.

4. Operating expenses

The Group's operating expenses increased by 14.0% to RMB13,863.4 million in 2018 as compared with RMB12,162.1 million in 2017.

In 2018, the fuel cost increased from RMB4,601.1 million in 2017 to RMB5,877.0 million, representing an increase of 27.7%. In particular, fuel costs for coal-fired power segment increased from RMB3,488.5 million to RMB4,396.4 million due to the increase in coal price and power generation.

The Group's depreciation and amortisation expenses increased by 5.0% to RMB4,570.3 million in 2018 as compared with RMB4,354.1 million in 2017. This increase was primarily due to commencement of operation of the Group's new generating units.

The Group's labor costs increased by 15.7% to RMB1,599.4 million in 2018 as compared with RMB1,382.5 million in 2017, primarily due to additional staff required following the commencement of operation of the Group's new generating units and the additional staff recruited for business expansion.

The Group's repair and maintenance costs increased by 14.1% to RMB527.5 million in 2018 as compared with RMB462.4 million in 2017, primarily due to the increase in repair costs driven by the heavier workload of coal-fired power and wind power generating units.

The Group's other operating expenses increased by 12.5% to RMB786.9 million in 2018 as compared with RMB699.4 million in 2017, primarily due to the transaction fee for power generating rights of wind power segment, assets retirement of coal-fired power segment and the increase in material costs of wind power segment, despite the decrease in the expenses of hydro-resources fee and reservoir maintenance fund.

5. Operating profit

The Group's operating profit decreased by 1.1% to RMB4,809.1 million in 2018 as compared with RMB4,860.7 million in 2017, primarily due to the year-on-year decrease of 62.7% and 26.9% in profit of hydropower segment and natural gas-fired power (distributed) segment, respectively. The respective segment operating profit of the Group in 2018 and 2017 is as follows:

	2018 *RMB in million*	2017 *RMB in million*	Change percentage
Wind power	**3,639.6**	3,065.6	18.7%
Solar power	**638.4**	523.1	22.0%
Hydropower	**448.0**	1,201.5	-62.7%
Coal-fired power	**166.2**	87.6	89.7%
Natural gas-fired power (distributed)	**112.4**	153.7	-26.9%
Other	**0.3**	-10.0	-103.0%

6. Finance income

The Group's finance income decreased by 25.5% to RMB81.9 million in 2018 as compared with RMB109.9 million in 2017, mainly due to the decrease in interest income as a result of the Group's lower average balance of deposit.

7. Finance expenses

The Group's finance expenses increased by 5.6% to RMB3,072.9 million in 2018 as compared with RMB2,910.3 million in 2017, primarily due to higher finance cost following the commencement of operation of the Group's new generating units.

8. Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures increased by 26.6% to RMB939.7 million in 2018 as compared with RMB742.0 million in 2017, primarily due to a year on year increase of 24% in share of net profit from our investment in Fuqing Nuclear Power Plant and the investment income from commencement of operation of Sanmen Nuclear Power Plant this year.

9. Income tax

The Group's income tax decreased by 15.3% to RMB285.1 million in 2018 as compared with RMB336.7 million in 2017, primarily due to a significant year on year decrease in the profit from the hydropower segment with higher taxes.

10. Net profit

The Group's net profit increased by 0.3% to RMB2,472.7 million in 2018 as compared with RMB2,465.5 million in 2017, primarily due to the increase in operating profit from wind power segment and share of profits less losses of associates and joint ventures, and partially offset by the decrease in profit from the hydropower segment during the year.

11. Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company increased by 7.2% to RMB2,268.5 million in 2018 as compared with RMB2,117.0 million in 2017, primarily due to a significant increase in profit from wind and solar power business with low income tax burden and high shareholding percentages as well as admirable increase in the profit from associates.

12. Profit attributable to non-controlling shareholders

The Group's profit attributable to non-controlling shareholders decreased by 41.4% to RMB204.2 million in 2018 as compared with RMB348.5 million in 2017, mainly due to the decrease in profit from hydropower segment with larger non-controlling shareholding percentage.

13. Liquidity and sources of capital

The Group's cash and cash equivalents increased by 69.6% to RMB3,597.8 million as at 31 December 2018 as compared with the balance of RMB2,121.9 million as at 31 December 2017, primarily due to the increase in operating revenue by 9%, net cash inflows from operating activities of RMB10,702.6 million and the issuance of perpetual medium-term notes and renewable corporate bonds. The main sources of the Group's operating capital include: (1) approximately RMB21,111.4 million of unutilised banking facilities as at 31 December 2018; and (2) approximately RMB3,597.8 million of cash and cash equivalents.

As at 31 December 2018, the Group's borrowings decreased by 6.1% to RMB64,964.4 million as compared with RMB69,161.6 million as at 31 December 2017, of which RMB10,868.1 million was short-term borrowings (including the current portion of long-term borrowings), and RMB54,096.3 million was long-term borrowings.

14. Capital expenditure

The Group's capital expenditure decreased by 34.5% to RMB5,076.4 million in 2018 as compared with RMB7,754.5 million in 2017. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment and capital injection to associates and joint ventures .

15. Net gearing ratio

As at 31 December 2018, the Group's net gearing ratio (net debt (i.e. total borrowings less cash and cash equivalents) divided by total equity) was 185.4%, representing a decrease of 68 percentage points as compared with 253.3% as at 31 December 2017, which was mainly due to the earnings retained and issuance of perpetual medium-term notes and renewable corporate bonds during the year.

16. Material acquisitions and disposals

The Group did not conduct any material acquisition and disposal in 2018.

17. Significant investment

The Group did not conduct any material investment in 2018.

18. Plans for material investments/acquisition of capital assets

The Group has no plan for any material investment/acquisition of capital assets for the coming year.

19. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment and lease prepayments. As at 31 December 2018, the total net book value of the pledged assets amounted to RMB14,543.2 million.

20. Contingencies

As at 31 December 2018, the Group provided external guarantee to an associate of RMB40.0 million over the balance of bank loans.

III. PARTY BUILDING

In 2018, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles from the 19th CPC National Congress, the Party Committee of the Company adhered to the "two consistent principles", and performed the leading functions, provided the directions, managed the overall situation and ensured the implementation in accordance with the requirements of the Articles of Association, thereby ensuring the Company's work in various aspects closely focused on the policies of the Party and the State and advanced in an orderly way. The Company always adhered to the principle of management of talents by the Party in building the talent team, and selected and employed talents and improved the performance appraisal system in strict accordance with the prescribed procedures, to give full play to the positive incentive effects. The persistent efforts for Party building and gathering efforts to promote production provided a strong political guarantee for the Company's production, operation, reform and development. The spiritual civilization construction embarked on a new level and achieved new results.

In 2019, the Party Committee of the Company will fully implement the requirements of the CPC Central Committee on comprehensively strengthening Party self-discipline and act on the requirements of the Articles of Association to focus on the core tasks of the Company, give full play to the role of the Party organizations in improving the cohesiveness and work effectiveness of the Company's employees and promote the implementation of the Company's development strategy to achieve higher quality development.

IV. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

The development and profitability of our clean energy projects are dependent on the policies and regulations that support such development in the PRC. The gross generation and revenue of our hydropower projects are dependent upon the hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. In addition, the resettlement of relocated residents may cause significant cost increases and/or construction delays in our hydropower projects. Our wind power business is highly dependent on wind conditions. The gross electricity and revenue generated from a wind power project are highly dependent on wind conditions, which vary across seasons and regions. Our solar power projects are highly dependent on sunlight conditions. The gross electricity and revenue generated from solar power projects are highly dependent on sunlight conditions, which vary across seasons and regions. Our coal-fired power plants are fueled by coal, and an increase in coal prices and a disruption in coal supply or its transportation could materially and adversely affect our coal-fired power business. Our natural gas distributed energy projects and other natural gas-fired power projects are fueled by natural gas. As such, a sufficient and timely supply of natural gas is essential to our distributed energy business.

2. Competition risk

We may encounter competition from utility companies which are mainly engaged in other clean energy businesses. In particular, other clean energy technologies may become more competitive and appealing. Competition from such companies may become intense if the technology used to generate electricity from these other clean energy resources becomes more sophisticated, or if the PRC government decides to bolster its support of such other clean energy resources. Clean energy resources, such as hydropower and wind power, compete with conventional energy resources, including oil and coal. We will also face the competitive risks brought about by the increase in the share of market-driven power generation and the reduction of market-driven electricity price.

3. Risk related to power grid

Although the construction of power grid is fast, wind power curtailment is inevitable in the short run. In particular, the structural power curtailment factors will still exist objectively for a period of time. In view of this, the Company flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Company will continue improving technical innovation to reduce such impact.

4. Exchange rate risk

The Company's transactions are mainly denominated in RMB, Euro, United States dollar and Hong Kong dollar. Therefore, the Company is exposed to foreign currency exchange risk. The Company has not implemented any foreign currency hedging policy at the moment. However, the management has carried out continuous monitoring on the foreign exchange exposure and will consider hedging the foreign exchange exposure if it has material impact on the Company.

V. PROSPECT AND OUTLOOK

China's energy development is strategically transforming from fossil energy towards renewable energy, with ongoing integration of policy adjustment and industrial transformation and upgrading. On the whole, the sound and stable growth momentum of China's energy industry will become even stronger, and there will be many more favorable factors and conditions supporting high-quality development. In particular, new opportunities arising from accelerated optimization and upgrading of economic structure, enhanced capability of technological innovation, deepening reform and opening up, accelerating green development and participation in the reform of the global economic governance system have provided more powerful space for the development of energy sector. In the new era of profound transformation and change for energy development, the Group will stay true to its aspiration to be a clean, low-carbon, safe and efficient international first-class clean energy listed company, focus on developing clean energy and continue to optimize business structure to highlight the advantages of clean energy development and promote the high-quality development of the Group.

First, the Group will proactively develop its business. It will unswervingly increase investment in wind power and photovoltaic power, keep a close eye on technological advancements and cost changes, and actively participate in the bidding process of wind power and photovoltaic resources; it will carry out preliminary work for project construction in an orderly way with reference to wind and solar curtailment, seek for more investment opportunities in the regions with good wind resources and competitiveness, and exploit the competitiveness of its existing wind power and photovoltaic power projects; and it will strive to develop new offshore wind power projects and accelerate project construction by leveraging on the development opportunities, so as to lay a foundation for new breakthroughs.

Second, the Group will proactively seek for hydropower investment opportunities. Since hydropower is stable and storable and hydropower projects boast lower operating cost and stable profit, the hydropower segment remains one of the important driving forces for the Group to achieve high-quality development.

Third, the Group will increase investment in nuclear power business. Given that its investment in Fuqing Nuclear Power Plant in Fujian and Sanmen Nuclear Power Plant in Zhejiang has brought sizable income and benefits, the Group will strive to invest in more prime nuclear power projects to pursue high-quality development.

Fourth, the Group will develop natural gas-fired power business in an orderly manner. It will enhance the quality and efficiency of gas-fired power projects that have been put into operation to boost their economic benefits. With the support of resources and policies, where external conditions permit, it will develop natural gas-fired power projects according to local conditions, and invest rationally.

Fifth, the Group will prudently develop coal-fired power business. Quality and efficiency enhancement will only be conducted for the existing coal-fired power projects in Fujian. The economic efficiency of coal-fired power will be vigorously improved through combined heat-and-power generation, market development, cost reduction and efficiency enhancement and other means. The Group will, subject to compliance with national industry policies, prudently propel the construction of phase III of Shaowu project and phase III of Kemen project based on the market consumption.

Sixth, the Group will increase efforts on merger and acquisition of high-quality clean energy assets. It will speed up the injection of high-quality clean energy assets of non-listed companies within Huadian Group to provide strong support for asset securitization, carry out mergers and acquisitions of prime wind and photovoltaic power assets at home and abroad and speed up the merger and acquisition of overseas clean energy projects.

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report (hereafter referred to as "ESG Report") mainly introduces the annual performance of various aspects with regard to power supply, green development, environmental protection, safe operation, team building, community contribution, etc., of Huadian Fuxin Energy Corporation Limited (the "Company" or "we") and its subsidiaries (collectively referred to as the "Group") in 2018. It is to be read in conjunction with the "Corporate Governance Report" section of *Huadian Fuxin Energy Corporation Limited Annual Report 2018* ("Annual Report 2018"), so as to have a comprehensive overview on the environmental, social and corporate governance performance of the Group.

ESG Reporting Scope

Unless otherwise stated, the organizational scope of the ESG Report covers the Company and its subsidiaries. All information disclosed in the ESG Report was sourced from the Group's documents and statistical reports. The Group assures the truthfulness, accuracy and completeness of the ESG Report.

The ESG reporting period is consistent with that stated in the Annual Report 2018 of the Group, which is 1 January 2018 to 31 December 2018 ("Reporting Period"). Where necessary, some of the content goes beyond the aforesaid period so as to enhance the comparability of the ESG Report.

Reporting Guideline

The ESG Report was prepared based on the *Environmental, Social and Governance Reporting Guide* under Appendix 27 to the *Rules Governing the Listing of Securities* ("Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). Moreover, it was prepared based on the principles of materiality, quantitative, balance and consistency to determine and disclose its contents, and is compliant with the "comply or explain" provision set out in the Environmental, Social and Governance Reporting Guide by Hong Kong Stock Exchange.

Access to the Report

The ESG Report is published in two languages – Traditional Chinese and English. If there is any inconsistency between the two versions, the Traditional Chinese version shall prevail. You are welcome to obtain the Traditional Chinese and English versions of the ESG Report in a PDF format at the Company's website, www.hdfx.com.cn, and Hong Kong Stock Exchange's HKEx news website.

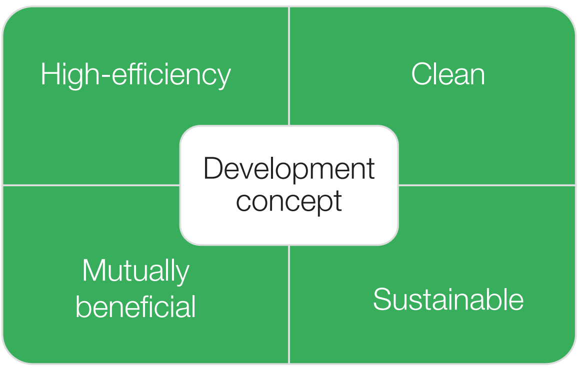
Comment and Feedback

Your feedback is immensely important for the Group to keep enhancing its environmental and social performance. If there are any comments or feedback, you are welcome to contact us by email at zqb@hdfx.com.cn.

1. ABOUT US

As a listed company belonging to Huadian Group, the Company has a diversified clean energy business, owning various kinds of power generation plants, such as hydropower, wind power, solar power, natural gas-fired (distributed), coal-fired power, nuclear power, biomass power, etc. All coal-fired power and hydropower generating assets and projects are located in Fujian, while wind power and other segments are mainly distributed across 27 provinces, cities and autonomous regions in China and Europe. The Group always devotes itself to generating and providing clean, eco-friendly and high-efficient green energy to the society. The Group strives to build a world-class clean energy company by persisting in developing diversified clean energy with high-efficiency.

The Group takes a grasp of the current development, seizes chances and proactively fulfills its corporate social responsibility to realize the Group's sustainable development by always taking integrity, truth-seeking, harmony and innovation as its core values and upholding the development concepts of high-efficiency, clean, mutually beneficial and being sustainable.



In order to implement the 19th CPC National Congress's new requirements for the power supply industry, and show the distinctive features and basic requirements of the clean energy supply company, the Group decides its development strategy and working plans of 2018, which focus on creating an investment and financing platform for capital operation, and a professional service platform for new energy to continuously increase its core competitiveness. The Group held a working meeting on 2 February 2018 to summarize works in 2018 and proactively plan its future development strategy to promote the Groups' high-quality development.

The 2018 Working Meeting of the Company

The Group was awarded the "New Energy Model Enterprise of the Energy Industry in a Decade" at the 2018 Annual Energy Meeting and the 10th China Energy Enterprise High-Level Forum

2. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

2.1 Management System

As the economy and society continue to develop, enterprises are facing more and more challenges and risks. In the tide of economic globalization, enterprises need to proactively respond to risks in multiple areas, such as in the areas of environmental, social and governance ("ESG"), economic and technology. For instance, the environmental risks faced by markets are more prominent as a result of the constant transformation of climate change, such as extreme weather, natural disaster, degradation of ecological environment, etc. Consequently, the Group has a timely grasp of the market situation and proactively tackles ESG risks by establishing proper and effective ESG risk management and internal control systems and gradually integrating them into the Group's risk management system[1] to effectively manage and control ESG risks. The Board is responsible for evaluating and determining ESG risks and ensures that appropriate and effective ESG risk management and internal control systems are in place, and is responsible for the Group's ESG strategy and reporting.

In order to implement ESG management effectively and systematically, the Group has built an ESG management mechanism involving multiple levels of participation with a clear division of responsibilities, which is formed by the Company's senior management, leading department, all departments and subsidiaries. The senior management of the Company is responsible for reviewing ESG topics and making corresponding action plans as well as reporting ESG work progress to the Board. As the leading department, the Securities and Compliance Department is responsible for organizing and coordinating departments and subsidiaries to carry out ESG work, while the departments and subsidiaries are responsible for implementing and accomplishing them. The Group will continue to promote ESG management. In the future, it will proactively establish an ESG working group with reference to the Hong Kong Stock Exchange's guidelines and comments about listed companies' fulfillment of ESG responsibility to make ESG management more professional and systematic, continuously promoting the Group's social responsibility concept.

[1] For details of the Group's internal control and risk management systems, please refer to the relevant content in the Annual Report 2018.

2.2 Stakeholder Engagement

Stakeholders are vital participants and witnesses of the Group's development. The Group maintains smooth communication with stakeholders to understand their expectation timely, and formulates corresponding working plans to respond to them by taking actions. The following is the summary of the Group's communication with major stakeholders:

Stakeholders	Expectations	Communication Channels	Frequency	Actions of the Group
Government and regulatory departments	Compliance with laws and regulations Compliant operation Stable power supply	Stipulating policies Work reporting Information disclosure	Regular/irregular	• Strictly complying with national laws and regulations, and proactively cooperating with regulatory departments; • Ensuring work safety and stable power supply
Shareholders and investors[2]	Business performance Company profit Corporate governance	Shareholders' meetings Regular reports Press conference on results announcements Roadshow	Annual/quarterly/irregular	• Improving operation and economic performance; • Continuously enhancing corporate governance; • Strengthening information disclosure and conducting regular communication
Employees	Employee rights and benefits Occupational health Occupational trainings	Employee meetings Labor contracts Employee activities	Regular/irregular	• Improving human resource management system and protecting employee rights and benefits; • Implementing employee occupational health and safety work; • Implementing trainings to foster employee's knowledge and skills
Customers	Stable power supply Service guarantee Quality management	Contracts and agreements Customer service Company website	Annual/quarterly/irregular	• Ensuring production safety and a stable power supply; • Promoting technological research and innovation to increase efficiency in production; • Enhancing customer feedback mechanism

2 For the investor relations activities held during the Reporting Period, please refer to the "INVESTOR RELATIONS" in the Annual Report 2018.

Stakeholders	Expectations	Communication Channels	Frequency	Actions of the Group
Suppliers	Being fair and just Win-win cooperation	Contracts and agreements Work meetings Supplier assessments	Regular/irregular	• Improving the bidding system and ensuring fair and transparent bidding and procurement processes; • Fulfilling contracts and agreements
Community	Community investment Harmonious development	Community visits Charitable donation	Regular/irregular	• Engaging in community development activities; • Proactively organizing volunteering activities; • Implementing environmental protection work

2.3 Materiality Assessment

The Group conducted a materiality assessment according to the "materiality" principle on the basis of its development direction and stakeholders' expectations. Therefore, the Group could report on major ESG performances of the Group during the Reporting Period and its responses to stakeholders more specifically.

The materiality assessment consists of three main steps: (1) in retrospect of past ESG works; (2) identifying ESG topics; and (3) reviewing the validity of ESG topics.

(1) In retrospect of past ESG works: review of past ESG works and ESG reports of 2016 and 2017;

(2) Identifying ESG topics: identifying ESG topics that were applicable for this year by making reference to the Hong Kong Stock Exchange's guidelines and other sustainability reporting guidelines and taking full consideration of the Group's business nature and development strategy together with stakeholders' expectations and industry development trends; and

(3) Reviewing the validity of ESG topics: reviewing the validity of identified ESG topics to determine the topics to be disclosed and the content of the ESG Report.

The reviewed ESG topics are listed as follows. The ESG Report presents the Group's ESG performance during the Reporting Period according to the ESG topics and relevant reporting guidelines.

Aspects	ESG Topics
Environmental	Emissions management
	Use of resources
	Green energy development
	Environmental protection
Social	Employee rights and benefits
	Labor standards
	Safe production
	Occupational health and safety
	Employee development and training
	Supplier management
	Stable power supply
	Innovative development
	Anti-corruption
	Community investment

3. LEAN MANAGEMENT CONTRIBUTING TO HIGH-EFFICIENCY POWER SUPPLY

3.1 Compliant Operation

The Group continuously improves its enterprise system, perseveringly promoting integrity and adhering to rules by strengthening legal awareness and continuing to consolidate and improve the conduct of the Party and upholding integrity, and anti-corruption work. The Group strictly abides by the relevant laws and regulations relating to bribery, extortion, fraud and money laundering, including but not limited to the *Criminal Law of the PRC*, relevant regulations of the State-owned Assets Supervision and Administration Commission of the State Council, Listing Rules, fair competition rules, etc. The Group has been implementing various internal policies, such as the *Anti-Corruption Working System of Huadian Fuxin Energy Corporation Limited*, the *Implementation Rules for Incorruptible Performance of Leaders of Huadian Fuxin Energy Corporation Limited*, and the *Detailed Rules for Gift Registration and Handing Over of Huadian Fuxin Energy Corporation Limited*, which will be updated and revised according to the latest relevant rules and requirements to govern enterprise by law. Furthermore, the Group has established a complete and prudent internal control system and risk control procedure and mechanism for anti-corruption. The management is responsible for identifying and assessing risks related to corruption, while the Department of Party Building (Discipline Inspection Office) takes responsibility for accepting complaints and reports, and organizing and implementing anti-corruption works of the Group. The Group accepts complaints by means of visit, letter, text message, e-mail or others and conducts timely investigation of irregularities and disciplinary violations according to the *Measures for Managing Clues of Reporting Issues of Huadian Fuxin Energy Corporation Limited*. During the Reporting Period, the Group did not have any legal cases of corruption.

In order to further improve the conduct of the Party and implement anti-corruption and upholding integrity promotion work, the Party Committee of the Group held 6 topic-specific meetings in total to study and plan for improving the conduct of the Party and anti-corruption work during the Reporting Period to implement the decision and responsibility of major issues. The Group has formulated and implemented the *Implementation Measures of the System of Accountability for Improving the Conduct of the Party and Upholding Integrity*, and arranged personnel in key and sensitive positions of the Company to enter into the *Commitment of Undertaking Integrity at Work*; held 9 seminars about improving the conduct of the Party and upholding integrity. In addition, the Group solidly organized a "Year of Improving Disciplines (Rules)" event and "Warning and Education" event with the theme of "being self-disciplined and compliant with rules" to implement legal education and keep raising the awareness of discipline and rules of employee at all levels.

The Group is a power supplier and its clients are grid corporation and large industry who has direct trading of power generating rights with the Group. Regarding the information of the Group and its clients, the Group strictly abides by the applicable measures of privacy protection, such as the *Law of the PRC on the Protection of Consumer Rights and Interests*, to keep the information safe by proper measures. Fujian Huadian Yong'an Power Generation Company Limited further enhanced its foundation of internet and information security by developing a 5+1 internet and information security control system; Shanghai Huadian Fuxin Power Company Limited implemented and enhanced information security by inspecting the security protection of computers. Due to the Group's business nature, disclosures relating to the health, advertising and labeling of power supply are not applicable to the Group. During the Reporting Period, the Group did not have violations or complaints of customer privacy or loss of customer information.

3.2 Stable Power Supply

The Group devotes itself to providing stable, continuous and high-efficient power to the society. The Group thoroughly implements the national energy plan and the "Thirteenth Five-Year Plan" and takes a full grasp of the policies of electricity system reform to fully promote the implementation of the Group's development strategy by giving full play to the Group's advantage of diversified power generating assets to increase power supply efficiency. During the Reporting Period, the Group formulated the working plans of 2018, which were implemented by the Company and all subsidiaries. Subsidiaries fully adhered to the working plans and the lean management, strengthened equipment defect elimination and implemented measures to prevent "unscheduled downtime" by continuously enhancing equipment maintenance management; proactively commenced specialized inspections and kept promoting safety management to ensure a safe, reliable and stable operation of equipment; attached great importance to employee training to improve overall qualities; ensured a stable power supply by implementing internet and information security measures and other measures, and fulfilling every indicator of task. At the end of the Reporting Period, the power generation of the Group was 44,573,721.3 MWh, increased by 4.7% over the previous year.

The Group attaches importance to customers' opinions and maintains smooth communication with them by timely responding to their needs and by improving customer services management, opening up customer hotlines and WeChat service platforms.

The first China International Import Expo ("CIIE") was held in Shanghai from 5 to 10 November 2018. As Shanghai Huadian Fuxin Power Company Limited and Shanghai Huadian Min Hang Energy Company Limited shouldered great responsibility for providing electricity and power to the electric grids and users in industrial estates, respectively, they adopted highest and most stringent requirements to fulfill their responsibility. Various protection measures were implemented as scheduled to ensure a reliable and stable operation of the power generating units during the CIIE.

Shanghai Huadian Min Hang Energy Company Limited held an emergency fire drill

Shanghai Huadian Min Hang Energy Company Limited held an emergency fire drill

3.3 Innovation and Increasing Benefits

One of the essential safeguard measures in the Group's development plan is to strengthen the advancement of scientific innovation. The Group proactively establishes a scientific innovation system of "developing a service-oriented enterprise and integrating researches into operation" and continuously enhances new energy, clean power generation with high-efficiency, intelligent power generation and other core technology researches; enhances the establishment of technical standard system and responds to the trend of internet development by proactively studying and promoting the integration of internet application into the Group's business to elevate capabilities of scientific research, application and industrialization. The *Lean and Standardized Management of Wind Power Projects in the Mountainous Regions in Southern China* of the Company won the first prize of management innovation award for 2018 granted by Huadian Group and China Electricity Council, respectively.

4. CLEAN AND LOW-CARBON, ADVOCATING ENVIRONMENTAL PROTECTION

4.1 Green Energy Development

2018 was the opening year to implement the spirit of the 19th CPC National Congress and an essential year of transition in implementing the "Thirteenth Five-Year Plan". As a clean energy supplier, the Group implemented relevant national policies and proactively responded to the call of "accelerating the reform of ecological civilization system and building a beautiful China" in the 19th CPC National Congress by formulating the *"Thirteenth Five-Year Plan" of Huadian Fuxin Energy Corporation Limited*. In addition, the Group took a grasp of every national policy of promoting utilization of renewable energy to greatly develop clean energy, and enhanced regional distribution and structural optimization; optimized selection and construction, and continued to proactively develop wind and solar power; developed natural gas-fired power according to the local environment; strengthened investment in nuclear power, biomass power and other emerging industries. Furthermore, on 15 March 2018, we successfully issued the first green asset-backed security (ABS) on the Shanghai Stock Exchange, which further expanded the financing channels. On 22 October 2018, the Shelf-registered Green ABN issued by us was officially registered with the National Association of Financial Market Institutional Investors, which laid a solid foundation for further assurance and will vitalize the accounts receivable of wind and solar power projects, improve the cashability of assets, and alleviate the funding shortage of new energy projects.

On 7 December 2018, the 500 MW Offshore Wind Power Project of Guangdong Huadian Yanjiang Qingzhousan, the offshore wind power project with the largest single capacity of the Company and Huadian Group was approved. The project has good investment value and social benefits and its approval marks the Group's major breakthrough in the early development of offshore wind power in Guangdong Province.

During the Reporting Period, the respective gross consolidated installed capacity of the clean energy was:

Type	2018 *(unit: MW)*
Wind power	**7,993.0**
Solar power	**1,155.6**
Hydropower	**2,607.9**
Natural gas-fired power (distributed)	**902.6**
Other clean energy	**25.3**
Total	**12,684.4**

The Group proactively responds to the domestic and international calls of green and low-carbon development, continues to promote the development of carbon emission reduction projects and the Chinese Certified Emission Reduction ("CCER") projects. The Group also proactively responds to the voluntary subscription for Chinese renewable energy green power certificate.

As of 31 December 2018, the emission reduction data of the hydropower, wind power and solar power projects of the Group are listed as follows:

Indicators	Unit	2018
Total power generation	kWh	**24,273,258,900.00**
Equivalent to standard coal saving	Tons	**8,434,689.03**
Equivalent to sulfur dioxide emission reduction	Tons	**1,472.95**
Equivalent to nitrogen oxides emission reduction	Tons	**3,042.15**
Equivalent to particulate matter emission reduction	Tons	**316.80**
Equivalent to greenhouse gas emission ("GHG") reduction	Tons	**20,055,060.99**

The wind power plants of the Group in Wuwei, Anhui

The wind power plants of the Group in Huitengxile

4.2 Pollution Prevention and Control

The clean power generation projects of the Group, including wind power, hydropower, solar energy projects and others are eco-friendly businesses. There is no consumption of fossil fuel and has negligible air emission and GHG emission from the projects above, which poses minor impacts on the environment and natural resources. The coal-fired and natural gas-fired power generation projects may pose relatively significant impacts on the environment while compared to those clean power generation projects. The Group strictly abides by the relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation and disposal of waste, which include but not limited to the *Environmental Protection Law of the PRC,* the *Water Pollution Prevention and Control Law of the PRC*, the *Water and Soil Conservation Law of the PRC*, the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Environment Compliance Guidance for Coal-fired Thermal Power Enterprise*, the *Emission Standard of Air Pollutants for Thermal Power Plants*, the *Environmental Protection Tax Law of the PRC* and the *Notice of NDRC on GHG Emissions Reporting by the Major Enterprise and Public Institutions*. Moreover, the Group strictly implements and complies with the management measures that were formulated according to applicable national laws and regulations relating to environmental protection, such as the *Supervision and Management Measures on Environmental Protection of China Huadian Corporation*, the *Administrative Measures of "Three Simultaneities" for Environmental Protection and Water and Soil Conservation at Construction Projects of China Huadian Corporation*, the *Measures for Managing Emission Permits of China Huadian Corporation*, the *Measures of Managing Environmental Statistics of China Huadian Corporation*, etc. During the Reporting Period, the Group did not violate any laws and regulations relating to air and GHG emissions, discharges into water and land, and generation and disposal of waste.

China continuously enhances its prevention, governance and supervision over environmental issues. Moreover, the *Opinions of the Central Committee of the Party and the State Council on Strengthening the Ecological and Environmental Protection in All Aspects and Firmly Winning the Battle of Preventing and Controlling Environmental Pollution* was published on 24 June 2018 and set out an overall plan for enhancing ecological and environmental protection and firmly winning the battle of preventing and controlling environmental pollution. Therefore, enterprises have to strengthen their environmental management and thoroughly implement environmental protection measures. Hence, the Group proactively responds to the national regulations by upholding the principle of "comprehensive planning, making breakthroughs in key areas, precaution first, comprehensive management and control" to accomplish environmental protection tasks. In addition, the Group has fully implemented pollution prevention and controlling plans according to the overall plans of Huadian Group by organizing every subsidiary to make implementation plans for winning the battle of preventing and controlling environmental pollutions in order to strengthen pollution prevention and control measures, and promote ecological civilization construction. Furthermore, specific departments and personnel are responsible for rectifying potential environmental risks in the Company, and the environmental corrective measures include the areas of air pollution, water pollution, solid waste, hazardous waste, ecological protection, etc.

Yunnan Huadian Duogu Wind Power Company Limited established a leading group of ecological and environmental protection formed by the management of the company to take a lead in supervising, instructing, inspecting and evaluating the company's pollution prevention and control according to the implementation plan of winning the battle of pollution prevention and control; organized an ecological and environmental protection team that comprised of specialized environmental protection personnel and the environment monitoring committee office to take responsibility for implementing and supervising the daily work of environmental protection management. In addition, the company took enhancing management, improving system development and ecological and environmental protection education and training as measures to safeguard the battle of pollution prevention and control, fully implementing environmental protection measures.

The Group continuously enhances operational supervisory management over its coal-fired power projects and natural gas-fired power (distributed) projects and ensures that their total amount of emissions are strictly in compliance with relevant standards by implementing pollution prevention and control measures. Moreover, the application of environmental protection information platform for power generation projects continues to be proactively promoted, which enables the real-time monitoring of emission data. The Group proactively engaged in the management of environmental protection renovation projects. A total of 8 generators in the coal-fired power projects of the Group completed ultra-low emission renovation and their air pollutions all met national requirements. In addition, Fujian Huadian Kemen Power Generation Company Limited was the first company in Fujian Province whose four generators with a capacity of over 600 MW were all qualified generators with ultra-low emission, and the company entrusted a professional third party testing technology company for equipment performance test, including dust removal, desulfurization and denitrification, to ensure the good operation of environmental protection equipment in its generators. After the ultra-low emission renovation of Fujian Huadian Yong'an Power Generation Company Limited, its air emissions concentrations were controlled to be ultra-low emission during the operation of generators. During the Reporting Period, the sulfur dioxide, nitrogen oxides and particulate matter emissions per unit of electricity generation of the Group's coal-fired power generators decreased approximately by 6%, 13% and 22%, respectively, compared to the previous reporting period.

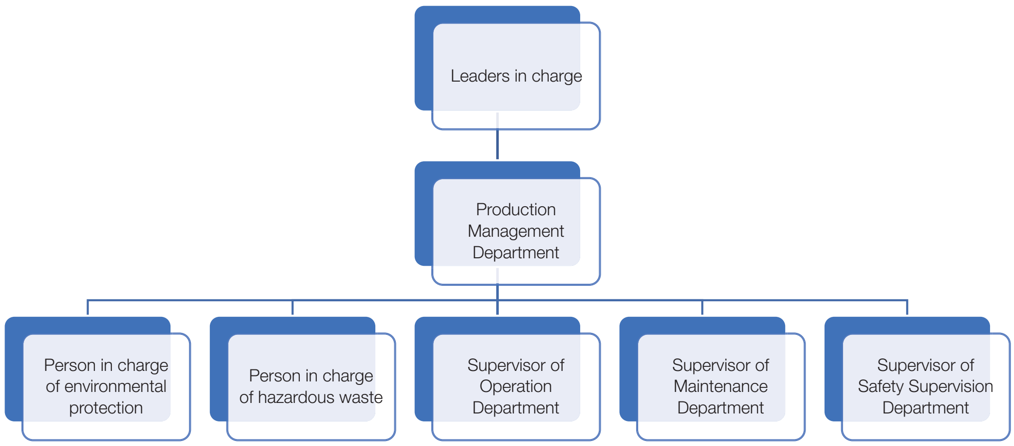
As of 31 December 2018, the data of the air pollutants of the Group are listed as follows:

Indicators	Unit	**Coal-fired power in 2018**	Coal-fired power in 2017	**Natural gas-fired power (distributed) in 2018**	Natural gas-fired power (distributed) in 2017
Total power generation	kWh	**17,513,697,900.00**	15,016,453,900.00	**2,620,624,700.00**	2,167,345,000.00
Air pollutant[3]					
Sulfur dioxide emissions	Tons	**1,062.77**	965.95	**12.17**	70.00
Sulfur dioxide emission intensity	Tons/kWh electricity generated	**6.07×10^{-8}**	6.43×10^{-8}	**0.46×10^{-8}**	3.23×10^{-8}
Nitrogen oxides emissions	Tons	**2,194.98**	2,160.04	**285.57**	306.30
Nitrogen oxides emission intensity	Tons/kWh electricity generated	**12.53×10^{-8}**	14.38×10^{-8}	**10.90×10^{-8}**	14.13×10^{-8}
Particulate matter emissions	Tons	**228.58**	252.32	**3.85**	33.18
Particulate matter emission intensity	Tons/kWh electricity generated	**1.31×10^{-8}**	1.68×10^{-8}	**0.15×10^{-8}**	1.53×10^{-8}

3 The listed data of air pollutants were the real-time monitoring data from coal-fired power projects and natural gas-fired power (distributed) projects. The data were sourced from 3 coal-fired power projects and 6 natural gas-fired power (distributed) projects of the Group.

Wastewater and solid wastes are generated by the Group during its operation. The Group has implemented environmental protection practices pursuant to relevant national and local standards of environmental protection to ensure it complies with relevant requirements relating to the treatment and disposal of wastewater and solid waste. The wastewater from the coal-fired power projects and natural gas-fired power (distributed) projects of the Group was all treated through effective wastewater treatment systems. All coal-fired power projects and most of the natural gas-fired power (distributed) projects of the Group have implemented zero discharge practices for industrial wastewater. The treated wastewater would be reused for greening and sanitation in the plant areas. Take Fujian Huadian Yong'an Power Generation Company Limited as an example, it has applied the method of "separation of drainage and sewage system and sorting treatment" to collect industrial wastewater in the industrial water treatment plant for centralized treatment, while sewage is collected and sent to the sewage treatment plant for treatment. The treated wastewater that meets applicable standard would be reused, which means zero discharge of wastewater. By doing so, the utilization efficiency of water resources is promoted. On the front of solid waste, the hazardous wastes generated by the Group during the Reporting Period mainly included spent lubricating oil, spent denitrification catalysts, used batteries, etc., while the non-hazardous wastes generated by the Group were mainly desulfuration gypsums, coal ashes and bottom ashes. The generated hazardous wastes were delivered by the Group to qualified third-parties for centralized treatment in accordance with the requirements of relevant environmental protection department. As for the non-hazardous wastes, the Group proactively promoted circular economy and the desulfuration gypsums were sold and reused for various ways, for instance, the production of cement concrete, so as to reuse resources, while other non-hazardous wastes were comprehensively treated by qualified third-parties. During the Reporting Period, the amount of desulfuration gypsums generated was 170,816.05 tons and the recovery rate reached 100%.

To enhance the systematic and professional management of hazardous waste, Fujian Huadian Yong'an Power Generation Company Limited has formulated and *implemented the Hazardous Waste Management System* according to the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations. In addition, the standardized management indicator system and management plans for hazardous waste together with contingency plans for hazardous waste pollution have been established. Moreover, the company carried out trainings of standardized management of hazardous waste to enhance standardized management of hazardous waste in May 2018.



The organizational structure of hazardous waste management of Fujian Huadian Yong'an Power Generation Company Limited

As of 31 December 2018, the data of the wastewater discharge and solid wastes generated by the Group[4] are listed as follows:

Indicators	**Unit**	**2018**
Amount of wastewater discharge	Tons	**47,074.00**
Hazardous wastes	Tons	**427.54**
Non-hazardous wastes	Tons	**1,393,604.54**

The Group complies with the *Notice of NDRC on GHG Emissions Reporting by the Major Enterprise* and *Public Institutions* and proactively implements GHG emission audit. The Group decreased energy consumption resulting in GHG emission reduction by formulating energy saving plans and conducting energy consumption analysis. Fujian Huadian Yong'an Power Generation Company Limited successfully accomplished the carbon emission audit conducted by third-parties in 2017 and fulfilled the responsibility of carbon trading during the Reporting Period. Moreover, the Group proactively created a green environment by planting trees and the corresponding GHG reduction by trees planted[5] was 24.47 tons during the Reporting Period. The total GHG emission per unit of electricity generation of the Group's coal-fired power projects decreased by 5% as compared to the previous year.

4 The data of wastewater discharge and solid waste generated were sourced from the coal-fired power projects, natural gas-fired power (distributed) projects and wind power projects of the Group.

5 The calculations of GHG reduction by planted trees were set out based on the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Building (Commercial, Residential or Institutional Purposes) in Hong Kong* published by the Electrical and Mechanical Services Department and Hong Kong Environmental Protection Department.

As of 31 December 2018, the data of the GHG emission of the Group are listed as follows:

Indicators	Unit	**Coal-fired power in 2018**[6]	Coal-fired power in 2017[7]
GHG[8]			
Scope one：direct emissions	Tons	**14,469,266.06**	13,065,523.08
Scope one emission intensity	Tons/kWh electricity generated	**82.62×10^{-5}**	87.01×10^{-5}
Scope two：indirect emissions	Tons	**907.93**	2,401.03
Scope two emission intensity	Tons/kWh electricity generated	**0.52×10^{-7}**	1.60×10^{-7}

4.3 Energy Saving and Improving Efficiency

The Group strictly abides by the policies and practices relating to the use of resources, such as the *Cleaner Production Promotion Law of the PRC*, the *Environment Compliance Guidance for Coal-fired Thermal Power Enterprise*, etc. Moreover, the Group devotes itself to integrating the green and environmental concept into its production and operation. The major energy and raw material consumed include coal, natural gas, diesel and water resources, while the generators of the Group make efficient use of wind power, solar power, nuclear power and other renewable energy. The Group proactively responds to the green and low-carbon circular development and fully promotes the conservation, recycling and reuse of resources by proactively arranging subsidiaries to conduct energy saving and emission reduction measures, and formulate energy saving plans for the next year by analyzing and comparing past data.

6 According to the requirement to the *Notice of Implementing 2018 Carbon Audit Reporting and Verification and Formulating Carbon Emission Monitoring Plans*, every regional administrative department in China will entrust third-party audit institutions to verify the provided GHG data of the Group. The review of the audit report will be finished before 31 May 2019. The verified GHG emission data of the Group according to the review shall prevail. The 2018 GHG emission data may be properly adjusted with reference to the audit result.

7 The data of this year were updated according to the GHG audit results of each coal-fired power projects and it shall prevail.

8 The calculations of GHG emissions were set out based on the *Guideline of the Greenhouse Gas Emissions Accounting and Reporting for the Chinese Power Generation Enterprise (Trial)*. The data used in the calculation were sourced from the recorded data of the three coal-fired power projects of the Group and best conservative estimates were made based upon historical performance data or benchmarking with similar facilities, while the GHG emissions from natural gas-fired power (distributed) projects were not disclosed according to the principle of materiality.

In terms of energy use, the Group has formulated working plans for improving energy efficiency and management of energy consumption indicators, and enhanced the energy use management of equipment with its technology upgraded.

Huadian (Zhangping) Energy Company Limited diagnosed and analyzed energy consumption indicators by implementing their management to figure out problems timely; explored generators' energy saving potential by managing and taking various kinds of technical measures to increase energy utilization efficiency, resulting in a decrease in its coal consumption rate by 1.51 g/kWh as compared to the annual plan, a year-on-year decrease of 1.04 g/kWh.

The projects of Hubei Huadian Creative World New Energy took various measures of energy saving during the Reporting Period as follows:

1. Identifying and fixing drawbacks of the energy saving management mechanism on a regular basis: further completing and improving the supervision groups of energy saving with meetings of supervision groups and meetings of supervision of energy saving held regularly; formulating task breakdown tables of energy saving indicators and evaluation measures for energy saving management; optimizing operational plans of generators and equipment; enhancing equipment's daily maintenance;

2. Proactively applying new energy saving technology: renovating power storage system; renovating water heating system in hotels; establishing data model to optimize operation.

Yunan Branch of the Group formulated the administrative measures for supervising energy saving and required each subsidiary to establish an institute of energy saving and emission reduction to implement their measures and improve comprehensive management. Meetings for analyzing energy saving were held to evaluate and summarize energy saving works as well as to make plans for key areas. In addition, all subsidiaries participated in energy saving trainings to further improve the skills of personnel in supervising energy saving at all levels.

In terms of water usage, the coal-fired power projects of the Group have recycled and reused the treated industrial wastewater for water consumption reduction and further promoted the comprehensive usage of water resources and elevated water usage efficiency by reusing industrial water. In terms of water sourcing, the Group takes full consideration of water sourcing and understands the regional water stress during the design of projects. Since both the coal-fired power projects and hydropower projects of the Group are located in the areas of Fujian Province that are characterized by rich and diverse water resources, there are no difficulties with water sourcing. For the other power projects of the Group, each of them proactively studies the local water sourcing situation and adopts appropriate water withdrawal measures to ensure sufficient water supply.

Moreover, the Group proactively responds to the call of energy conservation, emission reduction and green and low-carbon development by raising the awareness of energy saving in daily works. Hence, a series of practices were implemented, such as the paperless office systems and the recycling of waste paper.

As of 31 December 2018, the data of energy and water consumption[9] of the Group are listed as follows:

Indicators	Unit	2018
Water consumption	Tons	**19,719,741.50**
Intensity of water consumption	Tons/kWh electricity generated	**5.33×10^{-4}**
Purchased electricity	kWh	**38,529,971.75**
Intensity of purchased electricity	kWh/kWh electricity generated	**1.04×10^{-3}**
Coal	Tons	**8,519,972.47**
Intensity of coal	Tons/kWh electricity generated	**2.30×10^{-4}**
Natural gas	Ten thousand cubic meters	**44,157.56**
Intensity of natural gas	Ten thousand cubic meters/kWh electricity generated	**1.19×10^{-6}**
Gasoline	Tons	**100.00**
Intensity of gasoline	Tons/kWh electricity generated	**0.27×10^{-8}**
Diesel	Tons	**893.89**
Intensity of diesel	Tons/kWh electricity generated	**2.42×10^{-8}**

4.4 Ecological Protection

The Group strictly complies with the relevant policies and regulations on minimizing the significant impact on the environment and natural resources, including but not limited to the *Measures for the Administration of Emergency Response Plans for Environmental Incident*, the *Implementation Measures for the Supervision and Inspection over Environmental Protection of China Huadian Corporation (2016 edition)*, and the *Rules for Implementation of Supervision over Environmental Protection for Coal-Fired Power Plant*. The Group also ensures that emissions generated from its operation, such as air emission, wastewater, noise, etc., met relevant standards, for example, the *Emission Standard of Air Pollutants for Thermal Power Plants*, the *Integrated Wastewater Discharge Standard, the Emission Standard for Industrial Enterprises Noise at Boundary*, etc. Moreover, environmental impact assessments for construction projects have been conducted by the Group according to relevant requirements. By identifying environmental impact factors, the Group has formulated and implemented various environmental protection measures in a more effective way. For the measures the Group has taken to reduce the impacts of air pollutions, wastewater and solid wastes on the environment, please refer to the contents in chapter 4.2 of the ESG Report. The environmental impact factors found in the operation of the Group's wind power projects mainly include electromagnetic radiation, the impact of water loss and soil erosion and the impact on the adjacent wildlife. Therefore, the wind power projects of the Group proactively conducted impact assessments of electromagnetic radiation and took effective measures according to the results of the assessments. For instance, equipment with good electromagnetic shielding performance was chosen to minimize its impact on the surrounding. In terms of preventing water loss and soil erosion, the projects strictly adopted the "three simultaneities" management of water and soil conservation and plant restoration during construction. Measures such as promoting greening, planting grass, building shelterbelts, etc., have been taken to minimize the impacts of water loss and soil erosion from construction works and to restore natural landscape of the area.

[9] The data of energy and water consumption were sourced from the coal-fired power projects, natural gas-fired power (distributed) projects and wind power projects of the Group.

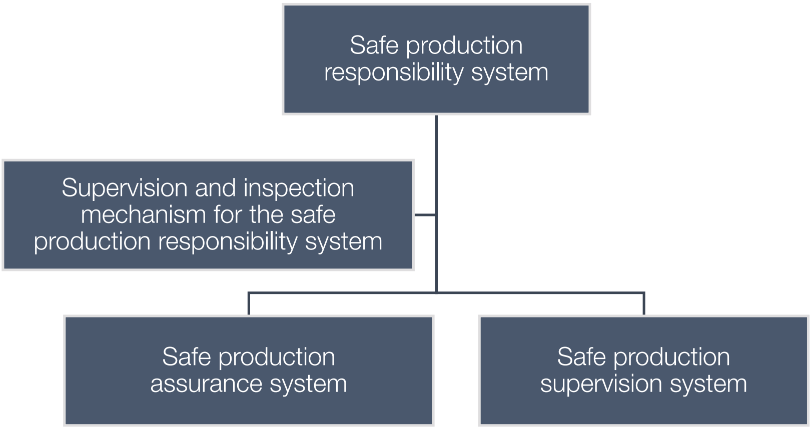
The power plant of Fujian Huadian Kemen Power Generation Company Limited

5. STRINGENT REQUIREMENT TO GUARANTEE SAFE PRODUCTION

5.1 Safety Management System

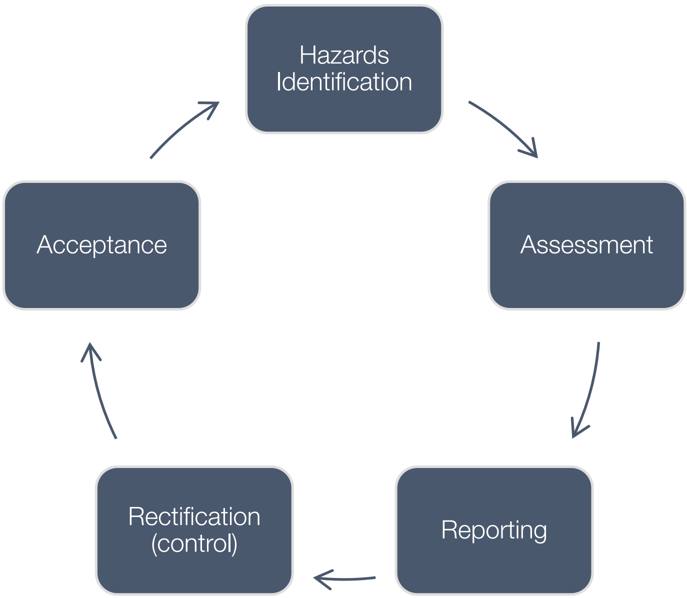
The Group consistently implements the principle of “safety first, focusing on prevention, and taking comprehensive measures” in work safety management, strives for safety development and protects employees from occupational hazards. The Group strictly abides by the national laws and regulations, such as the *Work Safety Law of the PRC*, etc. In addition, the Group has formulated and implemented administrative regulations and measures, such as the *Regulation on Safe Production Work of the Headquarter of Huadian Fuxin Energy Corporation Limited*, the *Regulation on Safe Power Generation of Huadian Fuxin Energy Corporation Limited*, the *Working Regulations for Safe Production Committee of Huadian Fuxin Energy Corporation Limited*, the *Administrative Measures for Reporting Unsafe Incidents of Huadian Fuxin Energy Corporation Limited*, the *Measures of Investigation and Evaluation of Responsibilities in Unsafe Incidents of Huadian Fuxin Energy Corporation Limited*, the safety handbook, the regulations for administration of labor protection articles, the contingency plan for specific case, etc. During the Reporting Period, the Group did not violate laws and regulations relating to safe production.

The Group also strictly complies with the *Key Management Requirements of Intrinsically Safe Workplaces of Power Supply Enterprise of China Huadian Group Corporation* and the *Electricity Safe Inspection Measures of China Huadian Group Corporation*. All subsidiaries shall establish safe production responsibility systems according to relevant requirements and its situation to enhance workplace safety management by timely and accurately identifying risk factors and reducing accident risks. The safe production responsibility system includes the safe production safeguarding system and supervision system, and clarifies the safety production responsibilities of personnel at each position in each department to firmly supervise safe production with a clear division of responsibility. Moreover, the Group has established supervision and inspection mechanisms to ensure the implementation of the safe production responsibility system by fully utilizing the functions of supervision involving all levels of participation.



5.2 Safe Production

The Group has established a permanent safety management mechanism and working regulations for safe production to have production safety realized and under control. The regulations also ensure employees' safety during the operation of power generation, safeguard a reliable operation of equipment and supply of electricity and heat, and protect national assets and investors' rights and interests from loss. The working regulations for safe production basically cover management principles, safety targets, responsibility systems, safety supervision, accident response plans, and plans of safety and technology and labor protection, trainings, troubleshooting and management for safety production hazards, safety culture, work safety management for contracted projects and other forms of project, fire and road traffic safety, control of occupational hazard factors, safety management of major hazard sources, emergency management, accident investigation and handling, reward and punishment from assessment, etc. The Group has developed regulations for the troubleshooting of safety production hazards and required all subsidiaries to comply with. Subsidiaries are required to incorporate the troubleshooting and management of safety hazards into their routine and safety production work so as to establish a robust mechanism for the troubleshooting and management of daily, regular and special hazards. Prior to the commencement of an assessment, the troubleshooting of safety production hazards goes through the identification and checking processes conducted by the production management, safety management and frontline personnel. A report outlining the assessment results is then prepared and archived, with rectification measures carried out as planned. If the acceptance qualifies, it will be written off, if otherwise, rectification measures would be revised, forming a closed-loop management.



The Safety Hazards Troubleshooting Management Process

The Group has formulated and implemented comprehensive administrative measures for the training of operational staff. Safety training archives of employees were set up to record their training and examination results relating to procedures and regulations for safety production, safety knowledge, safety skills, etc. Moreover, the Group has formulated the annual education and training plan, and trainings were conducted as planned to specifically develop talents in operation and management, professional (management skill) and technical operation. Additionally, the Group carried out the safety production "technical skills" competition.

The Group has also actively carried out specialized inspections, earnestly implemented rectification plans, and implemented major inspections for safety production. Furthermore, the Group fully implemented the *Notice on the Implementation of the 2018 National "Safety Production Month" and "Safety Production Milestone"* issued by State Council's Work Safety Committee. All subsidiaries conscientiously carried out emergency drills, safety hazards troubleshooting and safety checks, as well as safety publicity activities, to promote the concept of safety responsibility and intrinsic safety at all levels.

Huadian (Zhangping) Energy Company Limited conducted an emergency fire drill

Shanghai Huadian Fuxin Power Company Limited organized an emergency fire drill meeting

The Aksai branch of Gansu Huadian Fuxin Energy Company Limited and
Gansu Huadian Guazhou Wind Power Company Limited organized an emergency fire drill

The fire drill conducted by the Mahuangtan wind power plant of
Gansu Huadian Yumen Wind Power Company Limited

5.3 Occupational Health and Safety

The Group strictly complies with national laws and regulations and industry standards and procedures relating to the provision of a safe working environment and the protection of employees from occupational hazards, including but not limited to the *Law of the PRC on the Prevention and Treatment of Occupational Diseases* and the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*. The Group has also formulated and implemented the enterprise's standard of occupational health management, the occupational health supervision management system, etc. In order to thoroughly implement the above laws and regulations, strengthen the management of occupational disease prevention and control, and ensure the protection of workers' health and safety in the course of work, the Group has formulated occupational disease prevention and control plans and implementation programmes which are constantly refined to achieve the goal of occupational disease prevention. In addition, the Group promotes the implementation of the occupational disease responsibility system by stepping up with occupational health work organizing occupational health trainings. Moreover, the Group commissioned qualified units to carry out investigation of occupational hazards, distribute personal protective equipment to employees and put up occupational health and safety signages at workplaces. The wind power projects of the Group have entrusted qualified occupational health technical service institutions to conduct occupational hazards assessment for their construction projects. Evaluation reports are then prepared outlining projects' effectiveness in controlling occupational hazards, further improving their occupational disease prevention and occupational health management. During the Reporting Period, the Group did not violate relevant laws and regulations in providing a safe working environment and protecting employees from occupational hazards.

The occupational health and safety signages put up at Yunnan Huadian Duogu Wind Power Company Limited

6. BUILDING A COHESIVE TEAM WITH HUMANISTIC CARE

6.1 Employee Rights and Benefits

The Group strictly complies with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and the prevention of forced labor, including but not limited to the *Labor Law of the PRC*, the *Labor Contract Law of the PRC* and the *Trade Union Law of the PRC*. The Group also formulated and implemented the *Measures for the Labor Contract Management of Huadian Fuxin Energy Corporation Limited* and other measures for human resources management. The subsidiaries of the Group have developed management measures in accordance with relevant laws and regulations and with reference to their actual situation. On the front of preventing child labor, the Group strictly complies with the applicable laws and regulations, such as the *Law of the PRC on the Protection of Minors*, resolutely objecting to hire child labor under 16 years old as an employee. During the Reporting Period, the Group did not violate any laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and the prevention of child labor and forced labor.

Based on the *Measures for the Recruitment Management of College Graduates of China Huadian Corporation* and the Company's recruitment management measures, the Group conducts employee recruitment via an open, impartial and fair talent-acquisition mechanism and strictly reviews candidates' information during the recruitment process to prevent child labor. The Group enters into labor contracts with employees in accordance with the law to clearly state matters such as employee remuneration, position, working hours and reasons for termination of dismissal. At present, the payroll system of the Group primarily comprises of basic salary and performance-based bonus. In order to attract, retain and motivate outstanding employees, the Group has established a performance-based compensation management system combining with the actual management situation, to make salary adjustments or promotion for employees based on their work performances. The Group provides social insurance funds for employees (including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds to employees. In addition, the Group also provides supplementary medical insurance and enterprise annuity fund for its employees. The Group's people-oriented leave and holiday policies ensure that employees legally enjoy paid leaves and other statutory holidays. Appropriate subsidies in accordance with relevant regulations are also provided for work outside of normal working hours to prohibit forced labor. In addition, the Group has established employment policies that advocates equality and diversity and does not discriminate against employees because of race, nationality, color, gender and other conditions.

Additionally, in order to establish smooth communication channels with employees, the subsidiaries of the Group actively improve communication at workplace, constantly develops channels for employees to express their reasonable demands by organizing staff meetings, staff interviews, etc., to protect employees' rights to know, to participate and to express, and to rely on employees to put enterprise's policies into practice.

As of 31 December 2018, the Group had 9,136 employees in total. The following table sets forth a breakdown of employees by different types:

Indicators	**2018**	2017
Total number of employees	**9,136**	9,908
Total employees by gender		
Male	**7,109**	7,653
Female	**2,027**	2,255
Total employees by business types		
General administration	**178**	147
Hydropower	**2,706**	2,378
Wind power	**1,541**	2,655
Coal-fired power	**2,424**	2,972
Other clean energy	**2,287**	1,756
Total employees by education background		
Postgraduate or above	**203**	192
Undergraduate	**3,902**	4,006
Junior college	**2,715**	3,005
Technical secondary school and technical school	**1,213**	1,418
Senior high school or below	**1,103**	1,287
Total employees by age group		
55 years old or above	**428**	512
50–54 years old	**1,431**	1,563
45–49 years old	**1,709**	1,872
40–44 years old	**1,298**	1,415
35–39 years old	**785**	808
30–34 years old	**902**	955
25–29 years old	**1,628**	1,733
24 years old or below	**955**	1,050

6.2 Nurturing Talents

The Group closely adheres to the development objectives of Huadian Group and the strategic plans of the Company to firmly establish the concepts of "talent is the primary resource of the enterprise" and "seizing talent is promoting enterprise's development", implementing strategies to strengthen both talents and the enterprise. The Group has formulated plans for building teams of talents, focuses on training talents on management, monetary financial, listing compliance and other aspects, to ensure an assemblage of an excellent team. During the Reporting Period, the Company's percentage of employees trained reached 100%, with an average of 60 hours of training per employee. The Group improved the quality of the teaching staff members and elevated capital input to the four training bases of the coal-fired power, hydropower, wind power and natural gas-fired power (distributed) of the Group.

During the Reporting Period, the Group commenced the "Fuxin Lecture" series, a total of eight lectures were completed throughout the year on topics of tendering and procurement, road traffic safety, fire safety, official writing, confidentiality, internal control, legal work and contract management.

The Group commenced the "Fuxin Lecture" series

The Group commenced the "Fuxin Lecture" series

6.3 Employees' Cultural Development

The Group always cares about the physical and mental health of employees, promotes employees' wellness through organizing various cultural and sports activities. During the Reporting Period, the Company organized outdoor walk activities, Youth Festival activities and football friendly matches. Fujian Huadian Kemen Power Generation Company Limited and Fujian Huadian Yong'an Power Generation Company Limited continued to organize "Happy Farming" activities for their employees. East Inner Mongolia Branch of the Group took "to build a harmonious and blissful East Inner Mongolia family" as the theme of a series of activities organized during the employee cultural festival, to build employees' sense of belonging and to encourage employees to take pride in the company to create a rich "harmonious East Inner Mongolia family" atmosphere. For instance, the Group carried out the "Beautiful March, Grateful to Have You" International Women's Day Symposium Event, the "Chinese Dream, Beauty of Labor" employee public speaking contest and the Company's 10th "Table Tennis Competition". The trade unions of subsidiaries also gave full play to their unique advantage and carried out various employee activities to gather employees' intelligence and promote employees' cohesiveness, to realize the upcoming development of the company.

The Company's outdoor walk activity

The Company's Youth Festival activities

The Company’s football friendly match

The “Beautiful March, Grateful to Have You” International Women’s Day Symposium Event of East Inner Mongolia Branch of the Group

The Mahuangtan wind power plant of Gansu Huadian Yumen Wind Power Company Limited organized a basketball friendly match

7. WORKING TOGETHER TO CREATE A HARMONIOUS SOCIETY

7.1 Sustainable Supply Chain

The Group has formulated and implemented administrative measures according to relevant laws and regulations, such as the *Measures for the Administration of Procurement of Huadian Fuxin Energy Corporation Limited*, the *Measures for the Supplier Management of Huadian Fuxin Energy Corporation Limited (Trial)*, etc., to regulate supplier management and assessment of the Group as well as to better satisfy the Group's needs of infrastructural and operational procurement. This also enables the Group to control procurement cost and increase procurement efficiency. The procurement management of the Group is strictly in compliance with the laws and regulations, such as the *Bidding Law of the PRC*, etc., and the principles of "openness, fairness, justice and good faith". Regarding supplier management, the Group has established a categorized supplier list. Real-time tracking supplier assessment is conducted according to the principle of integration of quantified and qualified assessment and combination of real-time and regular assessment. Criteria for supplier assessment mainly include the management of the supplier, performance of quality, safety and service, whether it is certified ISO 14001 Environmental Management System, whether it has comprehensive policies and objectives regarding quality and environment, whether there were adverse social impacts on production, operation or construction due to its performance. Through this dynamic quantified assessment, the Group hopes to continuously optimize the selection of suppliers and keep the procurement risk under control.

The Company has set up a supplier management leading group as the decision-making body of the Company's supplier management work. If relevant departments or units of the Company considered on-site inspection is necessary for adoption of important equipment materials and consulting service providers, the *Supplier On-Site Inspection Application Form* has to be filled out for the application. Subsequent to the Supplier Management Leading Group's approval, a specialized inspection team conducts on-site inspections with suppliers. Upon completion of the inspection, a *Supplier On-Site Inspection Report* is prepared by the inspection team outlining recommendations, as the basis for the evaluation of suppliers.

Coal is the main raw material for the Group's coal-fired power projects. In the face of the changes of the coal market, the Group continuously performs trend analysis on the coal market and optimizes coal inlet structure to make full efforts to ensure power supply stability. The Group has strict control over coal quality, establishes a coal sampling and testing system and gives priority to the use of coal of high calorific value, low sulfur and low ash content. Prior to the acceptance of coal, coal is sampled and tested to ensure that the Group's requirements on quality are met.

7.2 Contributing to the Community

The Group actively fulfills its corporate social responsibilities, engages in community welfare initiatives vigorously and dedicates with all its heart to grow alongside with the community.

The Group always takes great care of its employees, strives to serve and support its employees sincerely through establishing long-term mechanisms to help employees with difficulties by providing assistance to employees with basic living need and severe illness.

In response to the implementation of "persisting in taking targeted measures in poverty alleviation, persisting in winning the battle against poverty", the Group proactively engaged in activities that assisted impoverished students and took targeted measures in poverty alleviation, demonstrating its fulfillment of social responsibilities. During the Reporting Period, the donations made by the Group for community investment amounted approximately RMB4.97 million, which mainly includes the donations to those in straitened circumstances and constructions in impoverished areas.

HONG KONG STOCK EXCHANGE'S *ESG REPORTING GUIDE* INDEX

General Disclosures and KPIs	Description	Relevant Chapter(s) in the ESG Report or Explanation
	Environmental	
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	4.2
KPI A1.1	The types of emissions and respective emissions data	4.2
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.2
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.2
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.2
KPI A1.5	Description of measures to mitigate emissions and results achieved	4.2
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	4.2

General Disclosures and KPIs	Description	Relevant Chapter(s) in the ESG Report or Explanation
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	4.3
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	4.3
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	4.3
KPI A2.3	Description of energy use efficiency initiatives and results achieved	4.3
KPI A2.4	Description of whether there are any issues in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	4.3
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable[10]
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	4.2 and 4.4
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	4.2 and 4.4

[10] Due to the business nature of the Group, this disclosure is not applicable.

General Disclosures	Description	Relevant Chapter(s) in the ESG Report or Explanation
	Social	
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	6.1
KPI B1.1	Total workforce by gender, employment type, age, group and geographical region	6.1
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	5
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	6.2

General Disclosures	Description	Relevant Chapter(s) in the ESG Report or Explanation
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	6.1
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	7.1
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	3, 5.1 and 5.2

General Disclosures	Description	Relevant Chapter(s) in the ESG Report or Explanation
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	3.1
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	3.1
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	3.1
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	7.2

I. CORPORATE GOVERNANCE

The Hong Kong Stock Exchange issued the Corporate Governance Code and Report as currently set out in Appendix 14 of the Listing Rules which sets out the principles and the code provisions which listed issuers are required to apply and comply. During the Reporting Period, the Company has applied the principles as set out in the Corporate Governance Code and Report that are considered to be relevant to the Company and has complied with the code provisions of the Corporate Governance Code and Report.

The Board hereby presents to the shareholders the corporate governance report for the Reporting Period.

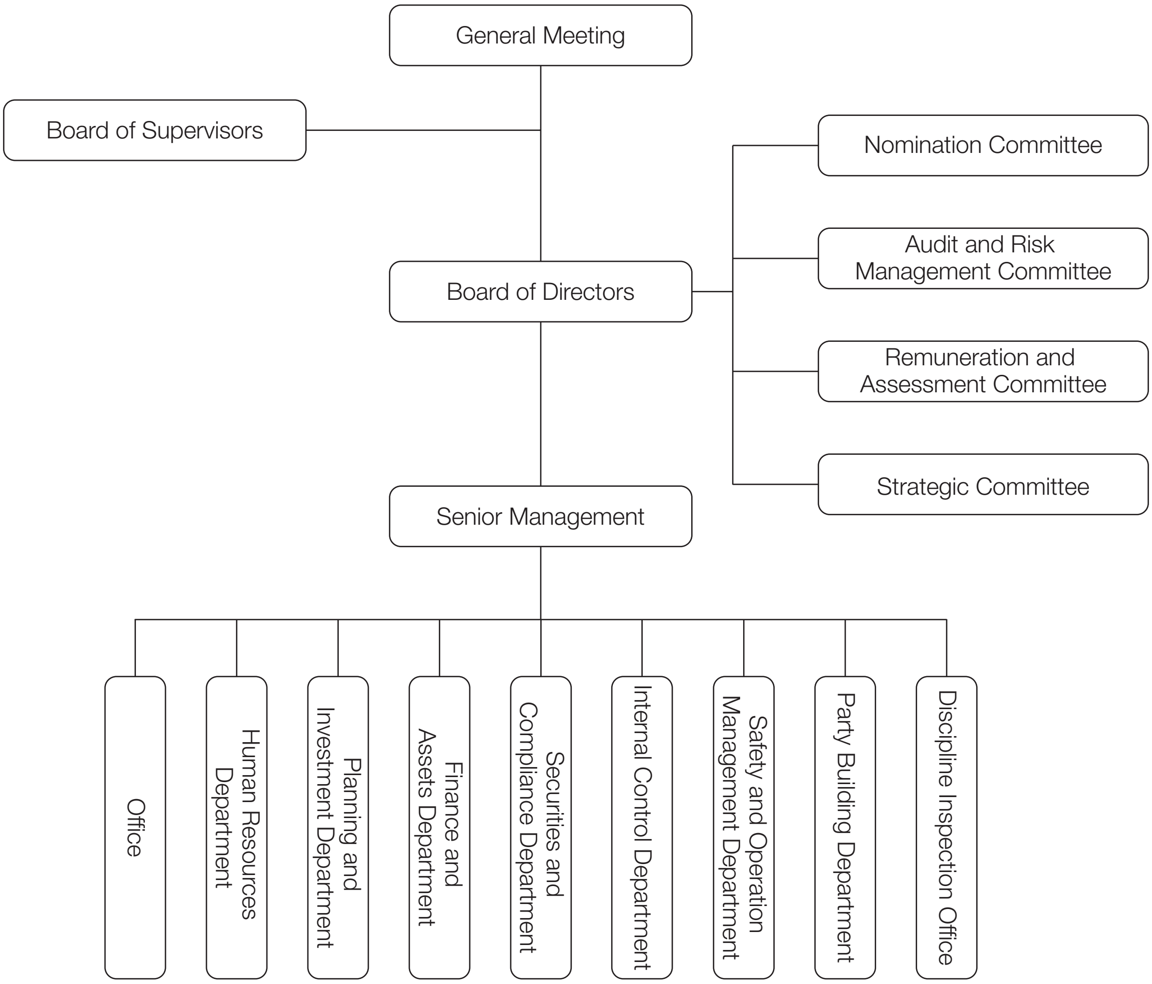
II. COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by its Directors and Supervisors in the securities of the Company. Having made specific enquiry to the Directors and Supervisors, all Directors and Supervisors have confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which terms are no less exacting than the Model Code. The Company has not discovered any breach of the guidelines by its relevant employees.

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

III. CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is set out as follow:



IV. THE BOARD

The Board exercises its powers and functions in accordance with the provisions as set out in the Articles of Association. Under the principle of acting in the best interests of the Company and its shareholders, the Board reports its works at the general meetings, implements the resolutions passed thereon and is accountable to the general meetings.

(I) Composition of the Board

The Board consists of nine Directors during the Reporting Period, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors as at the date of this report are set out on pages 30 to 34 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

Since the listing of the Company, the Board has been in compliance with the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors and the qualifications of the three independent non-executive Directors are in full compliance with the requirements under Rules 3.10(1) and (2) of the Listing Rules. In addition, the Company has received annual confirmations from independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore considered all independent non-executive Directors to be in compliance with the independence requirements as set out in the Listing Rules.

The composition of the third session of the Board of the Company during the Reporting Period is set out as follows:

Name	Position held in the Company	Date of Appointment/Re-election
Mr. HUANG Shaoxiong	Chairman of the Board and Executive Director	Appointed on 25 August 2017
Mr. WU Jianchun	Executive Director	Appointed on 25 August 2017
Mr. LI Lixin	Executive Director	Re-elected on 29 June 2017
Mr. TAO Yunpeng	Non-executive Director	Re-elected on 29 June 2017
Mr. SHI Chongguang	Non-executive Director	Appointed on 28 December 2018
Mr. MEI Weiyi	Non-executive Director	Appointed on 25 August 2017
Mr. ZHANG Bai	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. TAO Zhigang	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. WU Yiqiang	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. LI Yinan	Former Non-executive Director	Re-elected on 29 June 2017 and resigned on 28 December 2018

(II) Board Meeting

Pursuant to the Articles of Association, the Board is required to hold at least four Board meetings each year, to be convened and hosted by the Chairman of the Board. A notice of at least fourteen days shall be dispatched for a regular Board meeting. The notice shall state the time, venue and means by which the Board meeting will be convened.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Associations, the quorum for a Board meeting is the presence of at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The secretary to the Board of the Company is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

During the Reporting Period, ten meetings were held by the Board. The attendance record of the Directors at the Board meetings is disclosed on page 106 of this report.

(III) Power Exercised by the Board and the Management

The powers and duties of the Board and the management have been clearly defined in the Articles of Association, which aims to provide an adequate check and balances mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans, deciding on the establishment of the Company's internal management structure, formulating the Company's basic administration system, determining other material business and administrative matters of the Company and monitoring the performance of the management.

Led by the General Manager, the management of the Company is responsible to the Board for implementing the resolutions approved by the Board, formulating specific rules and regulations for the Company and administering the Company's day-to-day operation and management.

(IV) Directors' Training

Pursuant to code provision A.6.5 of the Corporate Governance Code and Report, all Directors should participate in continuous professional development to develop and update their knowledge and skills with a view to ensure that their contributions to the Board remains informed and appropriate.

During the Reporting Period, the Directors are regularly briefed on the amendments or updated on the relevant laws, rules and regulations. All Directors have participated in continuous professional development by reading training materials and attending training courses on the topics related to corporate governance and regulations.

According to the records maintained by the Company, the Directors received the following trainings, focusing on the roles, functions and duties of directors of a listed company in compliance with the Corporate Governance Code and Report on continuous professional development during the Reporting Period:

Directors	Studying Materials	Participation in Training Courses
Executive Directors		
HUANG Shaoxiong	1	1
WU Jianchun	1	1
LI Lixin	1	1
Non-executive Directors		
TAO Yunpeng	1	0
SHI Chongguang[1]	0	0
MEI Weiyi	1	0
LI Yinan[2]	1	1
Independent Non-executive Directors		
ZHANG Bai	1	1
TAO Zhigang	1	1
WU Yiqiang	1	1

Notes:

1. Mr. SHI Chongguang was appointed as a Non-executive Director on 28 December 2018.

2. Mr. LI Yinan resigned as a Non-executive Director on 28 December 2018.

(V) Chairman and General Manager

The roles of the Chairman of the Board and General Manager (i.e. chief executive officer pursuant to the relevant Listing Rules) of the Company are segregated and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. During the Reporting Period, Mr. HUANG Shaoxiong acted as the Chairman of the Board; and Mr. WU Jianchun acted as the General Manager. The Chairman of the Board and General Manager do not have any relationships (including financial, business, family or other material or connected relationship). The Rules of Procedures for the Board Meetings was considered and approved at the general meeting and the Rules of Duties and Authorities Specification of Directors and Senior Management was considered and approved at the Board meeting, which clearly define the division of duties between the Chairman of the Board and the General Manager.

Mr. HUANG Shaoxiong, the Chairman of the Board, is responsible for leading the Board in determining the overall development strategies of the Company, ensuring that the Board is functioning effectively in performing its duties, discussing significant and appropriate matters in a timely manner, ensuring the formulation of good corporate governance practices and procedures by the Company and ensuring that the Board acts in the best interests of the Company and all of its shareholders. Mr. WU Jianchun, the General Manager, is mainly responsible for the Company's day-to-day operation and management, including organizing the implementation of Board resolutions, making day-to-day decisions, etc.

(VI) Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall subject to election at general meetings with a term of office of no more than three years and may be re-elected. The Company has implemented a set of effective procedures for the appointment of new Directors. The nomination committee shall, in accordance with provisions of the relevant laws and regulations and the Articles of Association, take into account the practical situations of the Company, consider the selection criteria, selection procedures and terms of office of the Directors of the Company, and record and submit the resolutions to the Board for approval. All newly nominated Directors are subject to election and approval at general meetings.

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company. Currently, all the non-executive Directors (including the independent non-executive Directors) have been appointed for a term of three years and subject to re-election and re-appointment.

(VII) Remuneration of Directors, Supervisors and Senior Management

The remuneration and assessment committee determines the remuneration plans or packages of Directors and Supervisors according to criteria such as educational background and work experience. Directors' remuneration is determined by the Board with reference to Directors' experience, work performance, position and market condition and subject to approval of general meeting.

The remuneration of the senior management is determined by the Board.

(VIII) Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties. During the Reporting Period, the Board performed the following duties in this regard:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

V. BOARD COMMITTEES

There are four Board committees, namely the audit and risk management committee, nomination committee, remuneration and assessment committee and strategic committee.

(I) Audit and Risk Management Committee

The Company has established the audit and risk management committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the audit and risk management committee are to make recommendations to engage or replace its external auditor; to oversee the internal audit system of the Company and its implementation, to ensure that the internal audit function of the Company is adequately resourced for operation in the company, and to monitor the effectiveness of the internal audit function; to review and monitor the Company's policies and practices in terms of compliance with legal and regulatory requirements; to review the Company's financial control, risk management and internal control systems, and to provide recommendations and advices for the integrity and soundness of the internal systems of the Company; to monitor the Company's internal control and risk management systems, and consider the findings of any major investigations of internal control matters and the management's response; to coordinate the communication between the internal audit and the external audit functions; to review the Company's financial information and respective disclosure, to examine the Company's accounting practices and policies; to review the Company's internal control system, and to provide advices and recommendations on the soundness and completeness of such system; to make comments and proposals on the appraisal and replacement of the head of the internal audit department of the Company; to report to the Board in respect of the provisions in the Corporate Governance Code. Its terms of reference are available on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the audit and risk management committee consists of three Directors: Mr. ZHANG Bai (independent non-executive Director), Mr. SHI Chongguang (non-executive Director, appointed as a non-executive Director and a member of the audit and risk management committee of the Company on 28 December 2018), Mr. TAO Zhigang (independent non-executive Director), and Mr. LI Yinan (former non-executive Director, resigned as a non-executive Director and a member of the audit and risk management committee of the Company on 28 December 2018). Mr. ZHANG Bai serves as the chairman of the audit and risk management committee.

During the Reporting Period, the audit and risk management committee held two meetings, details of which are as follows:

On 21 March 2018, the second meeting of the audit and risk management committee of the third session of the Board was held, at which (1) the report was made by the external auditor in respect of the auditing of the Company's financial statements for the twelve months ended 31 December 2017; (2) the Company's 2017 final financial report was considered and approved; (3) the Company's 2017 annual report and annual results announcement were considered and approved; (4) the Company's financial statements for the twelve months ended 31 December 2017 were considered and approved; (5) the Company's 2017 profit distribution scheme was approved and proposed; (6) the engagement of Ernst & Young as the Company's 2018 international auditor was approved and proposed; and (7) the internal control functions and the obligation required under Corporate Governance Code and Report were reviewed.

On 23 August 2018, the third meeting of the audit and risk management committee of the third session of the Board was held, at which (1) the report was made by the external auditor in respect of the reviewing of the Company's financial statements for the six months ended 30 June 2018; and (2) the Company's 2018 interim report and interim results announcement were considered and approved.

(II) Nomination Committee

The Company has established the nomination committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the nomination committee are: to review the size, structure and composition of the Board at least annually and make recommendations on any proposed changes to the Board, having regard to the operating status, asset scale and shareholding structure of the Company; to assess the independence of independent non-executive Directors; to study the criteria and procedures for selecting Directors and senior management and to make recommendations thereon to the Board; and to identify qualified candidates for Directors and senior management; and to conduct review on candidates for Directors and senior management and to make recommendations to the Board on the appointment, re-appointment or succession of Directors and senior management. Its terms of reference are available on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the nomination committee consists of three Directors: Mr. WU Yiqiang (independent non-executive Director), Mr. HUANG Shaoxiong (executive Director and the Chairman of the Board), and Mr. TAO Zhigang (independent non-executive Director). Mr. HUANG Shaoxiong serves as the chairman of the nomination committee.

During the Reporting Period, the nomination committee held one meeting, details of which are as follows:

The third meeting of the nomination committee of the third session of the Board was held on 23 August 2018, at which the nomination of Mr. SHI Chongguang as the candidate for a non-executive Director of the third session of the Board was passed and proposed and the said nomination was submitted by the Board to the General Meeting for examination and approval.

The Company values the diversity of the members of the Board and has adopted a board diversity policy. The nomination committee under the Board shall be responsible for reviewing the qualification of candidates and review the structure of the Board in accordance with the objective criteria with due regard for the benefits of board diversity and offering suggestions to the Board correspondingly, and reviewing the board diversity policy, as appropriate and reviewing the measurable objectives that the Board has set for implementing the board diversity policy, and the progress on achieving the objectives, to ensure its effectiveness.

(III) Remuneration and Assessment Committee

The Company has established the remuneration and assessment committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the remuneration and assessment committee are: to determine remuneration plans or packages in accordance with the main scope, duties and importance of the management positions held by Directors and senior management as well as the remuneration packages of comparable positions of comparable enterprises and submit to the Board to approval; to review the performance of the Directors (other than independent Directors) and senior management of the Company and to conduct annual performance appraisal thereof; to monitor the implementation of the Company's remuneration system; to ensure that no Directors or any of their associates determine their own remunerations; and to attend to other matters as authorised by the Board. The remuneration plans or packages shall mainly include, but are not limited to, performance appraisal criteria and procedures, the main appraisal system, as well as the major proposals and system of incentives and punishment. Its terms of reference are available on the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the remuneration and assessment committee consists of three Directors: Mr. LI Lixin (executive Director), Mr. ZHANG Bai (independent non-executive Director) and Mr. WU Yiqiang (independent non-executive Director). Mr. WU Yiqiang serves as the chairman of the remuneration and assessment committee.

During the Reporting Period, the remuneration and assessment committee held one meeting, details of which are as follows:

The first meeting of the remuneration and assessment committee of the third session of the Board was held on 21 March 2018, at which (1) the remuneration for the Company's Directors and Supervisors in 2017 was approved and proposed; and (2) the remuneration for the Company's senior management in 2017 was approved and proposed.

(IV) Strategic Committee

The primary responsibilities of the strategic committee are: to review the long term development strategic planning and approach of the Company and make suggestions thereon; to review the material strategic investments and financing proposals which were subject to the approval of the Board in accordance with the requirement of the Articles of Association and make suggestions thereon; and to review the material capital operation and assets operation projects which were subject to the approval of the Board in accordance with the requirement of the Articles of Association and make suggestions thereon.

During the Reporting Period, the strategic committee consists of three Directors: Mr. HUANG Shaoxiong (executive Director), Mr. WU Jianchun (executive Director) and Mr. WU Yiqiang (independent non-executive Director). Mr. HUANG Shaoxiong serves as the chairman of the strategic committee. During the Reporting Period, the strategic committee held one meeting, details of which are as follows:

The first meeting of the strategic committee of the third session of the Board was held on 21 March 2018, at which (1) the proposed grant of the general mandate to issue new domestic shares and H shares of the Company to the Board at the general meeting was approved and proposed; (2) the 2018 annual bank line of credit of the Company was approved and proposed; (3) the general mandate to issue domestic and foreign debt financing instruments to the Board at the general meeting was approved and proposed; (4) the review of the 2018 annual financial budget report of the Company was approved and proposed; and (5) the review of the 2018 annual project development report of the Company was approved and proposed.

VI. BOARD OF SUPERVISORS

The Board of Supervisors is the supervisory body of the Company. The number and composition of the Board of Supervisors is in compliance with the provisions and requirements of the relevant laws, regulations and the Articles of Association. During the Reporting Period, the Board of Supervisors is made up of nine members, including three Employee Representative Supervisors and two independent Supervisors. The Supervisors of the Company shall seriously discharge their duties, and being responsible to the shareholders, shall protect the interests of the shareholders and the Company through reviewing the Company's financial status and monitoring any acts of non-compliance of the Directors, managers and other senior management of the Company to the laws, administrative regulations or the Articles of Association when performing their duties.

VII. ATTENDANCE RECORD OF DIRECTORS

During the Reporting Period, the attendance of Directors to the meetings of the Board and each Board committee as well as general meetings (the meetings refer to those held in the term of service of the related Directors) is as follows:

Name of Directors	Board Meetings Attended/Held	Audit and Risk Management Committee Meetings Attended/Held	Remuneration and Assessment Committee Meetings Attended/Held	Nomination Committee Meetings Attended/Held	Strategic Committee Meetings Attended/Held	General Meeting Attended/Held
Executive Directors						
HUANG Shaoxiong	10/10			1/1	1/1	2/2
WU Jianchun	10/10				1/1	2/2
LI Lixin	10/10		1/1			2/2
Non-executive Directors						
TAO Yunpeng	10/10					0/2
SHI Chongguang[1]	1/1	0/0				1/1
MEI Weiyi	10/10					1/2
LI Yinan[2]	9/9	2/2				1/1
Independent Non-executive Directors						
ZHANG Bai	10/10	2/2	1/1			2/2
TAO Zhigang	10/10	2/2		1/1		1/2
WU Yiqiang	10/10		0/1	1/1	0/1	2/2

Notes:

1. Mr. SHI Chongguang was appointed as a non-executive Director and a member of the audit and risk management committee of the Company on 28 December 2018.

2. Mr. LI Yinan resigned as a non-executive Director and a member of the audit and risk management committee of the Company on 28 December 2018.

VIII. AUDITOR AND REMUNERATION

Ernst & Young was appointed as auditor for the Financial Statements prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2018.

During the Reporting Period, the remuneration payable by the Company to the auditor for the above audit services was RMB5.8 million. In addition, during the Reporting Period, the remuneration payable by the Company to the auditor for the non-audit services was RMB2.58 million, and the non-audit services were mainly for the reviewing of the Company's interim results.

The responsibility of Ernst & Young, as the Company's external auditor to the Financial Statements, is set out on pages 117 to 121 of this annual report.

The Board concurs with the audit and risk management committee in respect of the matters relating to the selection, appointment, resignation and removal of the external auditor.

IX. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility for preparing the Financial Statements of the Group for the year ended 31 December 2018. The Company's accounts are prepared in accordance with all relevant statutory requirements and appropriate accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis. The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, the inside information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. During the Reporting Period, the permitted indemnity provisions of the Company are set out in the Articles of Association and the liability insurances provided by the Company for Directors, Supervisors and senior executives. These insurances will indemnify the insured for any fee arising from its liability or the possible legal proceeding.

X. COMPANY SECRETARY

During the Reporting Period, Ms. MOK Ming Wai has resigned as the company secretary of the Company due to pursuit of other personal career development on 23 August 2018. At the same date, the Board appointed Mr. LEE Kwok Fai Kenneth as the company secretary of the Company. Mr. LEE is the director and head of the Corporate Secretarial Department of TMF Hong Kong Limited, the external service provider of the Company. Mr. SUN Tao, a vice general manager, general counsel and secretary to the Board of the Company, is the main contact person of the Company.

During the year ended 31 December 2018, Mr. LEE Kwok Fai Kenneth has taken no less than 15 hours of relevant continuous professional trainings to update his skills and knowledge.

XI. SHAREHOLDERS' RIGHTS

(I) Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall convene an extraordinary general meeting within two months where any shareholder severally or jointly holding 10% or more of the Company's issued shares carrying voting rights requests in writing for the convening of an extraordinary general meeting. Two or more than two shareholders holding, severally or jointly, 10% or more of voting shares at such proposed meeting may request the Board to convene an extraordinary general meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda of the meeting. An extraordinary general meeting shall not consider matters not included in the notice of the meeting. An extraordinary general meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid shareholding shall be calculated on the basis of the date on which the relevant shareholders submit the written request. If the Board fails to dispatch a notice of convening such meeting within thirty days upon receipt of the aforesaid written request, shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the proposed meeting shall be entitled to propose to the Board of Supervisors to convene an extraordinary general meeting, provided that such proposal shall be made in writing. The Board of Supervisors may convene such a meeting within four months upon receipt of the request by the Board. If the Board of Supervisors fails to convene and preside over an extraordinary general meeting, the shareholders individually or jointly holding 10% or more of the shares of the Company for not less than ninety consecutive days may convene such a meeting by themselves. The procedures for convening such meeting should follow those for convening a general meeting of shareholders by the Board as closely as practicable.

All reasonable expenses incurred by convening and holding the aforesaid meeting by shareholders or the Board of Supervisors due to the failure of the Board to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have defaulted their duties.

(II) Procedures for Directing Shareholders' Enquiries to the Board

Shareholders have the right to oversee the Company's business operations, and to put forward proposals and raise enquiries and to obtain relevant information in accordance with the provisions of the Articles of Association. In addition, except for those matters in relation to business secrets of the Company which cannot be made public at the general meeting, the Board and the Board of Supervisors shall respond or address to the enquiries and suggestions of the shareholders.

Shareholders requesting inspection of the relevant information or provision of the materials shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

Contact details are as follows:

Address: 9/F, Building B, Huadian Plaza, No. 2 Xuanwumennei Road, Xicheng District, Beijing, PRC
Fax: 0086–10–83567357
Email: zqb@hdfx.com.cn

(III) Procedures for Putting Forward Proposals at a General Meeting

In overseeing and monitoring the business operation of the Company, the shareholders have the right to put forward proposals and raise enquiries. Shareholders holding 3% or more of the Company's voting shares have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such general meeting if they are within the terms of reference of general meeting.

The ad hoc proposals raised by shareholders shall satisfy the following criteria:

1. Free of non-compliant to the provisions of laws and regulations, and fall within the business scope of the Company and the terms of reference of the general meeting;

2. With definite topics to discuss and specific matters to resolve; and

3. Submitted or served to the Board in writing ten days prior to the date of the general meeting.

XII. COMMUNICATIONS WITH SHAREHOLDERS

The Company highly appreciated shareholders' opinions and advice, actively organised various investor relations activities to maintain connections with shareholders and made timely response to the reasonable requests of its shareholders. The Company publishes its announcements, financial information and other relevant information on the website at www.hdfx.com.cn, as a channel to promote communication. Shareholders are welcomed to make enquiries directly to the Company at its principal place of business in Hong Kong or the head office in the PRC. The Company will address to all enquiries in a timely and appropriate manner.

The Board welcomes shareholders' views and encourages them to attend the annual general meeting to communicate any concerns they might have with the Board or the management. Chairman of the Board and the chairmen of all committees usually attend the annual general meeting and other general meetings to address shareholders' queries.

During the Reporting Period, the Company convened two general meetings, the details of which are as follows:

The 2017 annual general meeting was held on 28 June 2018, at which the resolutions regarding the following issues had been reviewed and passed: (1) the Director's Report of the Company in 2017; (2) the Report of the Board of Supervisors of the Company in 2017; (3) the final financial report of the Company in 2017; (4) the audited financial statements of the Company in 2017; (5) the profit distribution scheme of the Company in 2017; (6) the engagement of Ernst & Young as the international auditor of the Company in 2018; (7) the remuneration for the Directors and Supervisors of the Company in 2017; (8) the election of Mr. XU Lei as a Supervisor of the third session of the Board of Supervisors with the term from the date of approval at the general meeting to the expiration of the third session of the Board of the Supervisors of the Company; (9) the general mandate to issue the domestic and foreign debt financing instruments; (10) the general mandate granted by the general meeting to the Board to issue new domestic shares and H shares of the Company; and (11) the amendments to Articles of Association.

The 2018 first extraordinary general meeting was held on 28 December 2018, at which resolutions regarding the following issues were considered and approved: (1) election of Mr. SHI Chongguang as a non-executive Director of the third session of the Board of the Company, with the term from the date of approval at the general meeting to the expiration of the third session of the Board of the Company; and (2) the resolution in relation to the amendments to Articles of Association.

Please refer to page 106 of this report for the attendance of each of the Directors at the general meeting. Arrangement will be made for the Board to address shareholders' queries at the 2018 annual general meeting of the Company.

XIII. INTERNAL CONTROL AND RISK MANAGEMENT

The Company attaches prime importance to internal control. A complete and prudent internal control and risk management systems have been established to protect shareholders' investments and the Company's assets. The Board is responsible for the maintenance of a sound and effective internal control system of the Company and has established the Group's internal control policies and procedures for monitoring the internal control system.

In respect of rules and regulations, the Company set up systems on internal control, including information disclosure, risk management, connected transaction, financial management and management of general meeting, the Board and the Board of Supervisors, such as Rules of Procedures for Board Meetings, Rules of Procedures for Meetings of Audit and Risk Management Committee of the Board, Rules of Procedures for Meetings of Nomination Committee under the Board, Rules of Procedures for Meetings of Remuneration and Assessment Committee of the Board, Rules of Procedures for Meetings of Strategic Committee of the Board, the Administrative Rules of Connected Transactions, the Administrative Rules of Information Disclosure, the Administration System of Material Transaction Disclosure, the Rules of Duties and Authorities Specification of Directors and Senior Management, Internal Audit Rules of the Company and Anti-corruption System.

In terms of organisational structure, the Company established the finance and assets department, securities and compliance department, internal control department and discipline inspection office. Sufficient personnel were retained to take charge of the specific work such as financial operations and control, risk management, internal audit, anti-corruption and the control, management and disclosure of inside information. Besides, the Company arranged reasonable budgets and provided regular trainings to the staff of the Company and subsidiaries performing the duties of financial and risk management and internal audit so as to ensure that they are well trained and experienced.

Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against immaterial misstatement or loss.

The effective implementation of the internal control system ensured proper and orderly development of the Company's operating and management activities as well as effective control of risks, safeguarded the security and integrity of the Company's property and guaranteed the realisation of the Company's operating and management objectives.

Each department of the Company has the channel to submit information requests to the Board smoothly. Being the most senior point of contact to each department, the General Manager of the Company is responsible for effectively reporting to the Board in relation to the operation conditions of each department, and coordinating and mobilising the demands of each department to promote reasonable decision making within the Company. Accordingly, any possible significant matter (if subject to the disclosure of inside information and other material news to the market) discovered by the staff can be reported to the management of the Company in a timely, accurate and effective manner and the decisions from the management of the Company can be implemented and executed accurately and timely with supervision.

During the Reporting Period, the Board reviewed the internal control systems of the Company and its subsidiaries and was not aware of any material deficiencies nor any material defaults with respect to financial, operational and compliance controls, which includes, among others, the control, management and disclosure of inside information, and risk management. In addition, the Board is also responsible for the maintenance of a sound and effective risk management system of the Company and has established the Group's risk management policies and procedures. The Board believes that the current internal control and risk management systems of the Company and its subsidiaries are adequate and effective and considers that the resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions, its training programs and budget thereof are adequate.

XIV. INVESTOR RELATIONS

14.1 Investor Relations Activities

Results Release and Roadshows

The Company organised an interim results roadshow and an annual results roadshow during the Reporting Period. In March 2018, the management of the Company carried out annual results roadshows for 2017 in Hong Kong and Singapore, respectively, and held an investors' presentation, a press conference, twenty one-to-one meetings and four group meetings for investors. In August 2018, the management of the Company carried out the 2018 interim results roadshows in Hong Kong and the United Kingdom, and held an investors' presentation, a press conference, twenty-one one-to-one meetings and three group meetings.

Investors' Routine Visits

During the Reporting Period, the Company received nearly one hundred groups of investors by way of one-to-one/group/teleconference meetings and fully communicated and exchanged opinions with investors and analysts from over two hundreds domestic and foreign institutions. In addition, the Company also held a reverse roadshow.

Investment Summits

During the Reporting Period, the management of the Company attended thirteen investment summits organised by famous international investment banks and fully communicated with investors through holding group/one-to-one meetings.

Media Interviews

In March and August 2018, the management of the Company received interviews with the financial media in Hong Kong including South China Morning Post, Ming Pao, Bloomberg, Commercial Daily, Hong Kong Economic Journal, Oriental Daily News, Hong Kong Economic Times and China Financial Market after the conclusion of the two results release meetings. The Company attracted wider attention from the market after the coverage was released on newspaper.

XV. ARTICLES OF ASSOCIATION

Amendments were made to the Articles of Association on 28 June 2018 and 28 December 2018, the contents of which mainly includes the addition of the contents in relation to the changes of the names of shareholders. The latest version of the Articles of Association is available for inspection on the websites of the Company and the Hong Kong Stock Exchange.

On 29 June 2017, the third session of the Board of Supervisors was established upon the approval of the 2016 annual general meeting of the Company. The current session of the Board of Supervisors is made up of nine Supervisors during the Reporting Period.

In 2018, with joint efforts of all Supervisors, the Board of Supervisors acted in compliance with the requirements of the Company Law, the Articles of Association and the Listing Rules, performed their functions diligently and honestly, exercised their functions and powers legally and independently, performed their duties of supervision as to the operation of the Company and the performance of duties of the Directors and the senior management, ensured standardised operation of the Company and protected the legal interests of the Company and shareholders. The main area of work of the Board of Supervisors in 2018 is summarised as follows:

I. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

The Board of Supervisors convened two meetings in 2018:

The third meeting of the third session of the Board of Supervisors of the Company was held on 21 March 2018, at which (1) the report of the Board of Supervisors for 2017 was considered and approved; (2) the Company's 2017 annual report and annual results announcement were considered and approved; (3) the Company's 2017 final financial report was considered and approved; (4) the audited financial statements of the Company for 2017 was considered and approved; (5) the Company's 2017 profit distribution scheme was considered and approved; and (6) the nomination of Mr. XU Lei as a candidate for Non-employee Representative Supervisor of the third session of the Board of Supervisors of the Company was approved and submitted to the general meeting of the Company for consideration and approval.

The fourth meeting of the third session of the Board of Supervisors of the Company was held on 23 August 2018, at which the Company's 2018 interim report and interim results announcement were considered and approved.

II. WORK OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors, in an attitude responsible to the Company and its shareholders, fulfilled its duties in accordance with the provisions and requirements of the Company Law, the Articles of Association, the Rules of Procedures for the Board of Supervisors and other relevant laws, regulations and rules. We excised our power legally and independently, facilitated the standardised operation of the Company and protected the legal interests of the Company and the shareholders.

Independent opinions of the Board of Supervisors on the following matters:

1. Regulatory Compliance of the Company's Operation

During the Reporting Period, based on its supervision over the Directors and senior management, the Board of Supervisors is of the view that the Company operated in accordance with the Law, the major decisions of the Company were rational and its procedures were legal and valid; to further normalize the operation, the Company set up and improved its internal management system and internal control mechanism, which is in accordance with the management requirements for the Company; during the duty performance, the Directors and senior management of the Company earnestly executed the national laws and regulations, the Articles of Association and the resolutions of the Board and the general meetings, acted in strict compliance with the principle of integrity, worked scrupulously to exercise the rights granted by shareholders and fulfilled their duties. The Company achieved excellent results in terms of project development, production and operation, capital operation, internal control enhancement, prevention and control of risks, upgrading of management efficiency, etc., with its annual tasks accomplished successfully in 2018. During the Reporting Period, none of the Directors or senior management of the Company was found for violating any law, regulation or the Articles of Association when doing their jobs and no action which contravened the interests of the shareholders or the Company was found.

2. Examination of the Company's Financial Conditions

During the Reporting Period, the Board of Supervisors scrutinized and examined the financial management system and the financial conditions of the Company and carefully reviewed the relevant financial information of the Company. The Board of Supervisors considered that the Company's financial management system was sound with proper management practices, and that the 2018 final accounts report gave a true, accurate and fair view on the financial conditions and operating results of the Company. The Board of Supervisors agreed with the 2018 unqualified financial audit report of the Company issued by Ernst & Young.

3. Examination of the Company's Major Acquisitions and Disposal of Assets

Having reviewed the information related to the Company's acquisitions, disposal of equity interests and assets, the Board of Supervisors is of the opinion that such acquisitions and disposals were conducted in a fair and reasonable way, and the Board of Supervisors is not aware of any insider trading or other matter which might impair the interests of shareholders or cause loss of assets of the Company.

4. Connected Transactions

Having reviewed information related to the connected transactions in which the Company and/or its controlling shareholder were involved, the Board of Supervisors is of the opinion that such connected transactions were conducted in an open and fair way at reasonable prices, and beneficial to improve the performance of the Company. The value of the connected transactions were determined in accordance with the principle of exchange of equal values by reference to fair market value, without prejudice to the interests of the Company and minority shareholders.

5. Information Disclosure

Having reviewed the documents that the Company publicly disclosed in a serious manner, the Board of Supervisors is of the opinion that the Company had disclosed the relevant information in a true and complete manner in accordance with related requirements of the Hong Kong Stock Exchange and no false information was found.

Focusing on the operation target of the year 2019 and considering the particulars of the Company, the Board of Supervisors will enhance the effectiveness of the supervising and do the job in a more timely manner, improve the effectiveness and art of the Supervisors' reporting and handling, reinforce the supervising and auditing of the significant operation and administration activities, and take care of the progress of the critical work of the Company; the Supervisors will also conscientiously perform their obligations endowed by the Law and the Articles of Association to protect the interests of the Company and the shareholders, thus to maintain and add value to the assets.

LI Changxu
Chairman of the Board of Supervisors

Independent Auditor's Report

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To the shareholders of Huadian Fuxin Energy Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 122 to 257, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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KEY AUDIT MATTERS (CONTINUED)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Impairment testing of certain property, plant and equipment and intangible assets	
As at 31 December 2018, the Group had property, plant and equipment ("PPE") and intangible assets amounting to RMB82,289 million in aggregate as at 31 December 2018, comprising the largest portion of assets and representing 76% of the Group's total assets and 86% of the non-current assets. The directors of the Company identified indicators of impairment of these non-current assets as at 31 December 2018 which included i) continuous loss making performance due to abandonment and curtailment of wind power for certain of the Group's wind power plants and increase in cost of natural gas and coal used for certain of the Group's natural gas-fired power plants and coal-fired power plants; ii) significant decrease in utilisation hours; and iii) a slowdown in the progress of certain coal-fired power and wind power projects under construction. For those non-current assets with impairment indicators identified, management performed impairment testing by determining the recoverable amounts of the cash-generating units ("CGUs") to which the non-current assets were allocated. Assessing potential impairment of the CGUs through estimations of their recoverable amounts based on value in use involved estimation of the discounted future cash flows which required significant management judgement and estimates, such as future electricity sales volumes, future on-grid tariffs, future operating costs and the discount rates. Because of the materiality of the balance of these non-current assets and significant management judgement and estimation involved, this area is identified as a key audit matter. Related disclosures are included in notes 2(l), 13, 15 and 42(b) to the consolidated financial statements.	The following procedures were performed to address the identified key audit matter: • We evaluated the directors' assessment of indicators of impairment, the identification of CGUs and the allocation of non-current assets to each CGU, with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards. • We evaluated management's assumptions in determining the recoverable amounts of the CGUs to which these non-current assets were allocated by assessing the key assumptions such as future electricity sales volumes, future on-grid tariffs, and future operating costs by comparing them with the recent historical results of the related CGUs, the budgets and the feasibility reports of the related CGUs provided by management. • We evaluated the sensitivity analysis for changes in key assumptions such as future electricity sales volumes and future on-grid tariffs performed by management. • We also involved our internal valuation specialists to assist us in evaluating the methodology and discount rates used in the calculation of the recoverable amounts, and • We evaluated the adequacy on disclosures in the consolidated financial statements.

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OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Bennett S.H. Wai.

Ernst & Young
Certified Public Accountants
Hong Kong

22 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2018

(Amounts expressed in RMB unless otherwise stated)

	Notes	2018 RMB'000	2017 RMB'000
Revenue	4	**18,329,707**	16,812,679
Other income and gains	5	**342,803**	210,194
Operating expenses			
Cost of fuel	19(b)	**(5,876,957)**	(4,601,058)
Depreciation and amortisation	7(b)	**(4,570,318)**	(4,354,148)
Service concession construction costs		**(80,393)**	(132,569)
Personnel costs	7(a)	**(1,599,438)**	(1,382,549)
Repairs and maintenance		**(527,468)**	(462,350)
Cost of coal sold	19(b)	**–**	(17,790)
Administration expenses		**(421,967)**	(512,255)
Other operating expenses		**(786,903)**	(699,428)
		(13,863,444)	(12,162,147)
Operating profit		**4,809,066**	4,860,726
Finance income	6	**81,925**	109,855
Finance expenses	6	**(3,072,906)**	(2,910,317)
Net finance expenses	6	**(2,990,981)**	(2,800,462)
Share of profits less losses of associates and joint ventures		**939,700**	741,963
Profit before taxation	7	**2,757,785**	2,802,227
Income tax expense	8	**(285,069)**	(336,723)
Profit for the year		**2,472,716**	2,465,504
Attributable to:			
Equity holders of the Company		**2,268,468**	2,117,043
Non-controlling interests		**204,248**	348,461
		2,472,716	2,465,504
Basic and diluted earnings per share *(RMB cents)*	11	**23.71**	23.62

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2018

(Amounts expressed in Renminbi ("RMB") unless otherwise stated)

	2018 **RMB'000**	2017 RMB'000
Profit for the year	**2,472,716**	2,465,504
Other comprehensive income		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange difference on translation of foreign operations	**18,100**	(4,886)
Available-for-sale investments: changes in fair value recognised	**–**	(15,635)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	**18,100**	(20,521)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	**(209,135)**	–
Other comprehensive loss for the year, net of tax	**(191,035)**	(20,521)
Total comprehensive income for the year	**2,281,681**	2,444,983
Attributable to:		
Equity holders of the Company	**2,077,433**	2,096,522
Non-controlling interests	**204,248**	348,461
	2,281,681	2,444,983

Consolidated Statement of Financial Position

As at 31 December 2018

(Amounts expressed in RMB unless otherwise stated)

	Notes	**2018** **RMB'000**	2017 *RMB'000*
Non-current assets			
Property, plant and equipment	13	**80,929,626**	81,190,859
Lease prepayments	14	**1,427,551**	1,427,500
Intangible assets	15	**1,358,927**	1,298,844
Interests in associates and joint ventures	17	**8,984,570**	8,190,052
Other non-current assets	18	**3,076,747**	3,431,364
Deferred tax assets	28(b)	**369,046**	376,513
Total non-current assets		**96,146,467**	95,915,132
Current assets			
Inventories	19	**413,564**	277,378
Trade and bills receivable	20	**5,969,777**	6,991,918
Prepayments and other current assets	21	**2,153,514**	1,918,518
Tax recoverable	28(a)	**16,309**	9,642
Restricted deposits	22	**6,103**	5,367
Cash and cash equivalents	23	**3,597,841**	2,121,903
Total current assets		**12,157,108**	11,324,726
Current liabilities			
Borrowings	24(b)	**10,868,084**	15,382,347
Obligations under finance leases	25	**25,810**	25,530
Trade and bills payable	26	**1,103,681**	1,081,089
Other payables and accruals	27	**7,220,220**	8,714,858
Deferred income	29	**49,555**	50,111
Tax payable	28(a)	**77,413**	112,447
Total current liabilities		**19,344,763**	25,366,382
Net current liabilities		**(7,187,655)**	(14,041,656)
Total assets less current liabilities		**88,958,812**	81,873,476

Consolidated Statement of Financial Position

As at 31 December 2018

(Amounts expressed in RMB unless otherwise stated)

	Notes	2018 RMB'000	2017 RMB'000
Non-current liabilities			
Borrowings	24(a)	**54,096,269**	53,779,291
Obligations under finance leases	25	**290,659**	225,897
Deferred income	29	**461,988**	482,796
Deferred tax liabilities	28(b)	**1,007,989**	918,394
Total non-current liabilities		**55,856,905**	55,406,378
NET ASSETS		**33,101,907**	26,467,098
Equity			
Share capital	30	**8,407,962**	8,407,962
Reserves		**12,677,579**	11,028,065
Perpetual medium-term notes and renewable corporate bonds	31,32	**8,969,842**	3,988,340
Total equity attributable to equity holders of the Company		**30,055,383**	23,424,367
Non-controlling interests		**3,046,524**	3,042,731
TOTAL EQUITY		**33,101,907**	26,467,098

Approved and authorised for issue by the board of directors on 22 March 2019.

Huang Shaoxiong
Chairman

Wu Jianchun
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

(Amounts expressed in RMB unless otherwise stated)

	Attributable to the equity holders of the Company									
	Share capital *RMB'000*	Capital reserve *RMB'000*	Reserve fund *RMB'000*	Exchange reserve *RMB'000*	Fair value reserve *RMB'000*	Retained earnings *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
	Note 30(c)	*Note 30(d)(i)*	*Note 30(d)(ii)*	*Note 30(d)(iii)*	*Note 30(d)(iv)*		*Notes 31, 32*			
At 1 January 2017	8,407,962	1,798,233	630,553	24,851	(27,070)	7,272,444	1,994,000	20,100,973	2,894,803	22,995,776
Profit for the year	–	–	–	–	–	1,986,143	130,900	2,117,043	348,461	2,465,504
Other comprehensive income	–	–	–	(4,886)	(15,635)	–	–	(20,521)	–	(20,521)
Total comprehensive income	–	–	–	(4,886)	(15,635)	1,986,143	130,900	2,096,522	348,461	2,444,983
Issuance of renewable corporate bonds, net of issuing expenses	–	–	–	–	–	–	1,994,340	1,994,340	–	1,994,340
Capital contributions	–	–	–	–	–	–	–	–	88,960	88,960
Dividends paid by subsidiaries to non-controlling equity holders	–	–	–	–	–	–	–	–	(277,693)	(277,693)
Final dividend of 2016 *(note 30 (b))*	–	–	–	–	–	(428,806)	–	(428,806)	–	(428,806)
Business combination under common control *(note 40)*	–	–	–	–	–	(198,173)	–	(198,173)	–	(198,173)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(11,800)	(11,800)
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 31, 32)*	–	–	–	–	–	–	(130,900)	(130,900)	–	(130,900)
Share of changes in equity of associates	–	(9,589)	–	–	–	–	–	(9,589)	–	(9,589)
Transfer to reserve fund	–	–	186,640	–	–	(186,640)	–	–	–	–
Others	–	(5,382)	–	–	–	5,382	–	–	–	–
At 31 December 2017	8,407,962	1,783,262*	817,193*	19,965*	(42,705)*	8,450,350*	3,988,340	23,424,367	3,042,731	26,467,098

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

(Amounts expressed in RMB unless otherwise stated)

	Attributable to the equity holders of the Company									
	Share capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Exchange reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Note 30(c)	*Note 30(d)(i)*	*Note 30(d)(ii)*	*Note 30(d)(iii)*	*Note 30(d)(iv)*		*Notes 31, 32*			
At 31 December 2017	8,407,962	1,783,262	817,193	19,965	(42,705)	8,450,350	3,988,340	23,424,367	3,042,731	26,467,098
Effect of adoption of IFRS 9 *(note 3)*	-	-	-	-	334,168	-	-	334,168	-	334,168
At 1 January 2018 (restated)	8,407,962	1,783,262	817,193	19,965	291,463	8,450,350	3,988,340	23,758,535	3,042,731	26,801,266
Profit for the year	-	-	-	-	-	1,993,237	275,231	2,268,468	204,248	2,472,716
Other comprehensive income	-	-	-	18,100	(209,135)	-	-	(191,035)	-	(191,035)
Total comprehensive income	-	-	-	18,100	(209,135)	1,993,237	275,231	2,077,433	204,248	2,281,681
Issuance of perpetual medium-term notes and renewable corporate bonds, net of issuing expenses	-	-	-	-	-	-	4,981,502	4,981,502	-	4,981,502
Capital contributions	-	-	-	-	-	-	-	-	44,230	44,230
Dividends paid by subsidiaries to non-controlling equity holders	-	-	-	-	-	-	-	-	(244,685)	(244,685)
Final dividend of 2017 *(note 30(b))*	-	-	-	-	-	(467,483)	-	(467,483)	-	(467,483)
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 31,32)*	-	-	-	-	-	-	(275,231)	(275,231)	-	(275,231)
Share of changes in equity of associates	-	(12,738)	-	-	-	-	-	(12,738)	-	(12,738)
Transfer to reserve fund	-	-	181,123	-	-	(181,123)	-	-	-	-
Others	-	-	-	-	-	(6,635)	-	(6,635)	-	(6,635)
At 31 December 2018	8,407,962	1,770,524*	998,316*	38,065*	82,328*	9,788,346*	8,969,842	30,055,383	3,046,524	33,101,907

* These reserve accounts comprise the consolidated reserves of RMB12,677,579,000 (2017:RMB11,028,065,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2018

(Amounts expressed in RMB unless otherwise stated)

	Notes	2018 RMB'000	2017 RMB'000
Operating activities			
Profit before taxation		**2,757,785**	2,802,227
Adjustments for:			
Depreciation and amortisation	7(b)	**4,570,318**	4,354,148
Impairment loss of property, plant and equipment	7(b)	**4,346**	129,617
Amortisation of deferred income	29	**(54,997)**	(61,533)
Gain on disposal of property, plant and equipment	5	**(11,878)**	(29,982)
Gain on disposal of subsidiaries	5	**–**	(11,219)
Interest income on financial assets	6	**(30,889)**	(52,570)
Interest expenses on financial liabilities	6	**3,030,522**	2,890,822
Foreign exchange differences, net	6	**21,121**	(9,815)
Dividend income	6	**(51,036)**	(47,470)
Share of profits less losses of associates and joint ventures		**(939,700)**	(741,963)
Changes in working capital:			
Increase in inventories		**(136,186)**	(27,891)
Decrease/(increase) in trade and bills receivable		**1,051,581**	(1,870,187)
Decrease/(increase) in prepayments and other current assets		**460,389**	(49,847)
Increase in trade and bills payable and other payables and accruals		**331,602**	1,179,476
Cash generated from operations		**11,002,978**	8,453,813
Income tax paid	28(a)	**(300,334)**	(415,485)
Net cash generated from operating activities		**10,702,644**	8,038,328

Consolidated Statement of Cash Flows

Year ended 31 December 2018

(Amounts expressed in RMB unless otherwise stated)

	Notes	2018 RMB'000	2017 RMB'000
Investing activities			
Payment for the purchase of property, plant and equipment, lease prepayments, and intangible assets		**(6,175,898)**	(9,133,220)
(Increase)/decrease of restricted deposits		**(736)**	58,495
Payments for interests in associates and joint ventures	17	**(643,030)**	(885,165)
Payments for acquisition of business		**–**	(172,800)
Proceeds from disposal of property, plant and equipment		**56,652**	86,207
Proceeds from disposal of subsidiaries		**–**	18,566
Dividends received		**685,312**	619,092
Interest received		**28,359**	59,139
Net cash used in investing activities		**(6,049,341)**	(9,349,686)
Financing activities			
Net proceeds from issuance of perpetual medium-term notes and renewable corporate bonds	31, 32	**4,981,502**	1,994,340
Capital contributions from the non-controlling shareholders		**44,230**	88,960
Proceeds from borrowings	23(b)	**27,516,082**	22,321,672
Repayment of borrowings	23(b)	**(31,641,426)**	(19,873,699)
Dividends paid	23(b)	**(821,904)**	(802,647)
Interest paid	23(b)	**(3,220,814)**	(3,171,541)
Payments of finance lease obligations	23(b)	**(36,644)**	(37,292)
Net cash (used in)/generated from financing activities		**(3,178,974)**	519,793
Net increase/(decrease) in cash and cash equivalents		**1,474,329**	(791,565)
Cash and cash equivalents at 1 January	23(a)	**2,121,903**	2,895,119
Effect of foreign exchanges rates changes, net		**1,609**	18,349
Cash and cash equivalents at 31 December	23(a)	**3,597,841**	2,121,903

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Huadian Fuxin Energy Corporation Limited (the "Company") was established in the People's Republic of China (the "PRC") on 19 August 2011 as a joint stock company with limited liability. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE") on 28 June 2012. The Company and its subsidiaries (collectively, the "Group") are mainly engaged in the generation and sale of wind power, solar power, hydropower, coal-fired power, natural gas-fired power (distributed) and other clean energy power in the PRC.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include all applicable International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKSE. Significant accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

Basis of Consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

Basis of Consolidation (Continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain trade and bills receivables, and equity investments are stated at their fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

Going Concern

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2018 amounting to RMB7,187,655,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows and the availability of unutilised banking facilities of RMB21,111,364,000 as at 31 December 2018, the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements (note 35(b)).

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 42.

(c) Functional and presentation currency

The financial statements are presented in RMB, rounded to the nearest thousand, which is the presentation currency and the functional currency of the Company and its major subsidiaries.

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Adjustments are made to bring into line any dissimilar accounting policy that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (note 2(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (note 2(m)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (note 2(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Business combination for entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder who controls the Group are accounted for as if the acquisition had occurred at the beginning of the years or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the shareholder who controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

Property, plant and equipment, other than construction in process, are stated at cost less accumulated depreciation and impairment losses (note 2(l)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (note 2(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight -line method over their estimated useful lives as follows:

– Buildings and structures	8 – 55 years
– Generators and related equipment	4 – 35 years
– Motor vehicles	6 – 10 years
– Furniture, fixtures and others	5 – 18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction and installation, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (note 2(l)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (other than goodwill)

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and impairment losses (note 2(l)).

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (note 2(l)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Concession assets	22 – 23 years
– Software and others	5 – 10 years

Both the period and method of amortisation are reviewed annually.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leased assets (Continued)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Sales and leaseback arrangements resulting in finance leases

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset is deferred and amortised as an adjustment to the depreciation of the asset. If the sales proceeds are less than the carrying amount of the asset which indicates that the asset may be impaired, an impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount (note 2(l)). Any deficit of sales proceeds lower than the carrying amount, in the absence of impairment, is also deferred and amortised as an adjustment to the depreciation of the asset.

(iv) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Fair value measurement

The Group measures its certain trade and bills receivable, and equity investments at fair value at the end of the current reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial assets (Continued)

- *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Investments and other financial assets

(i) Policies under IFRS 9 applicable from 1 January 2018

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for section 2(w) "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

(i) Policies under IFRS 9 applicable from 1 January 2018 (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

(i) Policies under IFRS 9 applicable from 1 January 2018 (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as finance income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as finance income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

(ii) Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (note 2(o)(ii)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates, and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(w)ii(v) and 2(w)ii(vi).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

(ii) Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Other investments in debt and equity securities (Continued)

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (note 2(o)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (note 2(o)(ii)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(w)ii(v) and 2(w)ii(vi), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (note 2(o)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or when they are expired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(o) Impairment of financial assets

(i) Policies under IFRS 9 applicable from 1 January 2018

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (Continued)

(i) Policies under IFRS 9 applicable from 1 January 2018 (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (Continued)

(i) Policies under IFRS 9 applicable from 1 January 2018 (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Policies under IAS 39 applicable before 1 January 2018

Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (Continued)

(ii) Policies under IAS 39 applicable before 1 January 2018 (Continued)

Impairment of investments in debt and equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding the amount which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (Continued)

(ii) Policies under IAS 39 applicable before 1 January 2018 (Continued)

Impairment of investments in debt and equity securities and other receivables (Continued)

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills receivable, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, obligations under finance leases, trade and bills payable, and financial liabilities included in other payables and accruals.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts (policies under IFRS 9 applicable from 1 January 2018)

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts (policies under IAS 39 applicable before 1 January 2018)

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised within other payables and accruals. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, it is immediately recognised in profit or loss on initial recognition of the financial guarantee.

The amount of the guarantee initially recognised is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(v)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in other payables and accruals in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(r) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the use.

When inventories are used, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are not restricted as to use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the statutory defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(v)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(v)(ii).

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition

i. Applicable from 1 January 2018

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Sale of electricity and goods (including coal trading)

Revenue from the sale of electricity and goods is recognised at the point in time when control of the asset is transferred to the customer, generally when electricity is supplied to the provincial grid companies or on delivery of the goods. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (Continued)

i. Applicable from 1 January 2018 (Continued)

Revenue from contracts with customers (Continued)

(ii) Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. When the Group provides more than one type of service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Revenue from the operation under a service concession construction contract is recognised at a point in time as described in (w)i(i) Sale of electricity and goods above.

(iii) Rendering of services

Revenue from rendering of services is recognised over time by reference to the stage of completion of the transaction based on the progress of work performed.

Revenue from other sources

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

Other income

Interest income is recognised as it accrues using the effective interest method.

Dividend income from unlisted investments is recognised when the shareholders' right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (Continued)

ii. Applicable before 1 January 2018

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of electricity and goods

Sale of electricity is recognised when electricity is supplied to the provincial grid companies. Sale of goods is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(ii) Service concession construction revenue

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one type of service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

(iii) Rendering of services

Revenue from the rendering of services is recognised in profit or loss by reference to the stage of completion of the transaction based on the progress of work performed.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (Continued)

ii. Applicable before 1 January 2018 (Continued)

(v) Dividends

– Dividend income from unlisted investments is recognised when the shareholders' right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(viii) Certified Emission Reductions ("CERs") income

The Group sells carbon credits known as CERs, generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism ("CDM") projects with the CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. Revenue in relation to the CERs is recognised when following conditions are met:

– the counterparties have committed to purchase the CERs;

– the sales prices have been agreed; and

– relevant electricity has been generated.

The revenue related to CERs is recognised and recorded in trade receivables for the volume verified by the independent supervisors assigned by the CDM EB and in other receivables for the remaining volume.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(ab) Perpetual securities

Perpetual securities are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any interests are discretionary. Interests on perpetual securities classified as equity are recognised as distributions within equity.

Perpetual securities are classified as a liability if it is redeemable on a specific date or at the option of the holder of the note, or if any interest payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 2(p) and accordingly interests thereon are recognised on an accrual basis in profit or loss as part of finance expenses.

(ac) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Related parties (Continued)

(2) An entity is related to the Group if any of the following conditions applies: (Continued)

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (1).

(g) A person identified in (1)(a) above in this policy has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ad) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(Amounts expressed in RMB unless otherwise stated)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements to IFRSs 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

Except for amendments to IFRS 2, the amendments to IFRS 4, amendments to IAS 40 and Annual Improvements to IFRSs 2014–2016 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

a. IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* from 1 January 2018.

The comparative information is not restated and the Group recognised any transition adjustments in relation to the adoption of IFRS 9 against the opening balance of equity at 1 January 2018 as further disclosed below.

(1) Classification and measurement

On initial application of IFRS 9, the available-for-sale equity investments have been reclassified and measured at fair value through other comprehensive income ("OCI"). These equity investments are subsequently measured at fair value. Dividends from the investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All other financial assets previously measured at amortised cost continue to be measured at amortised cost upon the adoption of IFRS 9.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

a. IFRS 9 Financial Instruments (Continued)

(1) *Classification and measurement (Continued)*

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed and classified its financial assets into the appropriate IFRS 9 categories. The main effects resulting from the reclassification were as follows:

Financial assets – 1 January 2018	Reclassified and measured at FVOCI (Available-for-sale in 2017) *RMB'000*	Measured at amortised cost (Receivables in 2017) *RMB'000*
Closing balance 31 December 2017 under IAS 39	880,176	9,781,804
Fair value adjustment of unquoted equity investments previously stated at cost which are now categorised as equity investments at fair value through other comprehensive income ("FVOCI")	334,168	–
Opening balance as at 1 January 2018 under IFRS 9	1,214,344	9,781,804

The total impact on the Group's equity as at 1 January 2018 is as follows:

	Fair value reserve *RMB'000*
Closing balance as at 31 December 2017 under IAS 39	(42,705)
Remeasurement of equity investments previously measured at cost under IAS 39	334,168
Opening balance as of 1 January 2018 under IFRS 9	291,463

(2) *Impairment*

IFRS 9 requires an entity to recognise a loss allowance on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, a contract asset or loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and recorded lifetime expected losses that were estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group has applied the general approach and recorded twelve-month expected credit losses that were estimated based on the possible default events on its bills and other receivables within the next twelve months. The effect of adoption on the Group's financial statements was minimal.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

b. IFRS 15 Revenue from Contracts with Customers and its amendments

IFRS 15 supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related interpretations. IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 using the modified retrospective method to all contracts that are not completed at the date of initial application. The Group concluded that the transitional adjustment made on 1 January 2018 to retained earnings upon initial adoption of IFRS 15 was nil and the comparative information was not restated. It is because the Group recognised revenue upon the transfer of significant risks and rewards before the adoption, which coincides with the fulfilment of performance obligations. From 1 January 2018, revenue is recognised when a customer obtains control of a good or service and the customer has the ability to direct the use and obtain the benefits from the good or service. Additionally, the Group's contracts with customers generally have only one performance obligation.

The Group's revenue are substantially generated from the sale of electricity, heat and other goods.

(a) Power generation and sale

The Group's contracts with customers for the power generation and sale generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point in time and revenue continues to be recognised upon transmission to the customers. The adoption of IFRS 15 did not have an impact on the amount of revenue recognised.

(b) Coal trading

Determining whether coal trading revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. Since the Group has the sole discretion in determining the pricing, takes full responsibility of a good provided to the customers, and also is responsible for the risk associated with the goods before change of control over the goods, and the customers' complaints and requests, the Group considers it controls the specified goods or services before their delivery to its customers and is a principal in the transactions. Accordingly, the Group recognises revenues on the gross basis.

(c) Presentation and disclosure requirements

Note 4 has included the disclosures on disaggregated revenue and other disclosures required under IFRS 15.

4. REVENUE

An analysis of revenue is as follows:

	2018 *RMB'000*	2017 *RMB'000*
Revenue from contracts with customers		
Sales of electricity	**17,345,044**	16,068,721
Service concession construction revenue *(note (i))*	**80,393**	132,569
Sales of coal	**–**	21,427
Sales of steam	**693,491**	484,159
Others	**199,695**	91,858
	18,318,623	16,798,734
Revenue from other sources		
Rental income	**11,084**	13,945
Total	**18,329,707**	16,812,679

Note:

(i) The Group has entered into several service concession agreements with the local government (the "Grantor") to construct and operate wind power plants during the concession period. The Group is responsible for the construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group needs to either dismantle the wind power plants or transfer the ownership of the plants at the request of the Grantor. Service concession construction revenue recorded during the year represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-constructed.

The Group has recognised intangible assets related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity during the concession period (note 15). The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

4. REVENUE (CONTINUED)

(i) Disaggregated revenue information

Revenue from contracts with customers for the year ended 31 December 2018

	Wind power RMB'000	Solar power RMB'000	Hydropower RMB'000	Coal-fired power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Unallocated head office RMB'000	Total RMB'000
Types of goods and service								
Sales of electricity	7,060,716	1,219,018	1,640,302	5,721,295	1,596,616	107,097	–	17,345,044
Service concession construction revenue	80,393	–	–	–	–	–	–	80,393
Sales of steam	516	–	–	290,411	349,538	53,026	–	693,491
Others	17,459	13,052	48,072	102,911	17,396	303	502	199,695
Total	7,159,084	1,232,070	1,688,374	6,114,617	1,963,550	160,426	502	18,318,623
Geographic market								
Mainland China	7,107,558	1,232,070	1,688,374	6,114,617	1,963,550	160,426	502	18,267,097
Spain	51,526	–	–	–	–	–	–	51,526
Total	7,159,084	1,232,070	1,688,374	6,114,617	1,963,550	160,426	502	18,318,623
Timing of revenue recognition								
Goods transferred at a point of time	7,072,177	1,219,339	1,622,317	6,088,462	1,952,584	160,426	502	18,115,807
Service transferred over time	86,907	12,731	66,057	26,155	10,966	–	–	202,816
Total	7,159,084	1,232,070	1,688,374	6,114,617	1,963,550	160,426	502	18,318,623

4. REVENUE (CONTINUED)

(i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2018 ***RMB'000***
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Types of goods and service-others	**26,286***

* Contract liabilities as at 1 January 2018 amounted to RMB26,286,000.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of electricity and goods (including coal trading)

The Group's contracts with customers for the power generation and sale generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point in time and revenue continues to be recognised upon transmission to the customers or delivery of the goods to the customers.

Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Rendering of services

Revenue from rendering of services is recognised over time by reference to the stage of completion of the transaction based on the progress of work performed.

4. REVENUE (CONTINUED)

(ii) Performance obligations (Continued)

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

	RMB'000
Within one year	**74,130**
More than one year	**283,153**
	357,283

The remaining performance obligations expected to be recognised in more than one year related to service concession construction that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year.

5. OTHER INCOME AND GAINS

	2018 ***RMB'000***	2017 *RMB'000*
Government grants *(note (i))*	**213,497**	125,651
Gain on disposal of property, plant and equipment	**11,878**	29,982
Gain on disposal of subsidiaries	**–**	11,219
Others	**117,428**	43,342
	342,803	210,194

Note:

(i) For the year ended 31 December 2018, government grants amounting to RMB213,497,000 (2017: RMB125,651,000) were recognised as income for the year necessary to compensate the costs and facilitate the Group's development. There are no unfulfilled conditions or contingencies attached to the grants.

6. FINANCE INCOME AND EXPENSES

	2018 RMB'000	2017 RMB'000
Interest income	**30,889**	52,570
Dividend income from equity investments at fair value through other comprehensive income	**51,036**	47,470
Net foreign exchange gains	**–**	9,815
Finance income	**81,925**	109,855
Interest on bank loans and other borrowings	**3,200,608**	3,128,599
Finance charges on obligations under finance leases	**11,275**	11,552
Less: interest expenses capitalised into property, plant and equipment	**(181,361)**	(249,329)
	3,030,522	2,890,822
Bank charges and others	**21,263**	19,495
Net foreign exchange losses	**21,121**	–
Finance expenses	**3,072,906**	2,910,317
Net finance expenses recognised in profit or loss	**(2,990,981)**	(2,800,462)

The borrowing costs have been capitalised at rates of 3.92% to 4.90% per annum for the year ended 31 December 2018 (2017: 3.92% to 4.90%).

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2018 RMB'000	2017 RMB'000
Salaries, wages and other benefits	**1,426,471**	1,219,887
Contributions to defined contribution retirement plans	**172,967**	162,662
	1,599,438	1,382,549

(b) Other items

	2018 RMB'000	2017 RMB'000
Amortisation		
– lease prepayments	**35,433**	38,650
– intangible assets	**44,336**	46,577
Depreciation		
– property, plant and equipment	**4,490,549**	4,268,921
Impairment losses		
– property, plant and equipment *(note 13)*	**4,346**	129,617
– prepayments and other current assets *(note 21)*	**1,194**	15,867
– trade receivables *(note 20)*	**3,474**	(2)
Auditors' remuneration		
– audit services	**10,444**	11,800
– other services	**2,580**	3,000
Operating lease charges		
– machinery	**1,372**	7,932
– properties	**63,729**	53,194
Cost of inventory *(note 19(b))*	**6,077,620**	4,828,086

8. INCOME TAX

(a) Taxation in profit or loss represents:

	2018 *RMB'000*	2017 *RMB'000*
Current tax		
Provision for the year	**254,938**	290,737
Underprovision in respect of prior years	**3,695**	15,587
	258,633	306,324
Deferred tax		
Origination and reversal of temporary differences	**26,436**	30,399
Total income tax expense	**285,069**	336,723

The current tax provision mainly included the PRC Corporate Income Tax which was made by the Company and its subsidiaries located in the PRC. It is calculated based on a statutory rate of 25% of the assessable profit, except for certain subsidiaries of the Company which were tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2018 and 2017.

The Company's subsidiary in Hong Kong is subject to income tax at a rate of 16.5% (2017:16.5%). The Company's subsidiary in Spain is subject to income tax at a rate of 25% (2017:25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

8. INCOME TAX (CONTINUED)

(b) Reconciliation between tax expense applicable to accounting profit before taxation at applicable tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2018 **RMB'000**	2017 RMB'000
Profit before taxation	**2,757,785**	2,802,227
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**689,446**	700,557
Tax effect of non-deductible expenses	**1,206**	2,974
Tax effect of non-taxable income	**(247,684)**	(200,536)
Tax effect of PRC tax concessions *(note (i))*	**(418,780)**	(339,333)
Tax effect of unused tax losses not recognised	**266,233**	172,436
Tax effect of utilisation of unrecognised tax losses in prior years	**(9,047)**	(14,962)
Underprovision in respect of prior years	**3,695**	15,587
Actual tax expenses	**285,069**	336,723

Note:

(i) Pursuant to CaiShui [2011] No.58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

Under the relevant tax regulations, certain subsidiaries of the Company, being enterprises engaged in public infrastructure projects, are entitled to tax holidays of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income was derived.

9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2018 Total *RMB'000*
Executive directors					
Mr. Huang Shaoxiong *(Chairman)*	–	256	497	102	855
Mr. Wu Jianchun	–	256	497	102	855
Mr. Li Lixin	–	250	486	113	849
Non-executive directors					
Mr. Tao Yunpeng	–	–	–	–	–
Mr. Shi Chongguang *(note (i))*	–	–	–	–	–
Mr. Mei Weiyi	–	–	–	–	–
Mr. Li Yinan *(note (i))*	–	–	–	–	–
Independent non-executive directors					
Mr. Zhang Bai	100	–	–	–	100
Mr. Tao Zhigang	100	–	–	–	100
Mr. Wu Yiqiang	100	–	–	–	100
Supervisors					
Mr. Li Changxu	–	–	–	–	–
Mr. Wang Kun	–	–	–	–	–
Mr. Xu Lei *(note (ii))*	–	–	–	–	–
Mrs. Hu Xiaohong	–	–	–	–	–
Mrs. Ding Ruiling	–	80	–	–	80
Mr. Guo Xiaoping	–	80	–	–	80
Mr. Zhu Deyuan	–	178	360	90	628
Mr. Chen Wenxin	–	178	330	104	612
Mr. Lai Jiaxing *(note (iii))*	–	144	267	76	487
Mr. Hou Jiawei *(note (ii))*	–	–	–	–	–
Mr. Yan Zhongjun *(note (iii))*	–	–	–	–	–
	300	1,422	2,437	587	4,746

9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes for 2018:

(i) Mr. Li Yinan has resigned as non-executive director of the Company with effect from 28 December 2018. Mr. Shi Chongguang has been appointed as a non-executive director of the Company with effect from 28 December 2018.

(ii) Mr. Hou Jiawei has resigned as supervisor of the Company with effect from 28 June 2018. Mr. Xu Lei has been appointed as a supervisor of the Company with effect from 28 June 2018.

(iii) Mr. Yan Zhongjun has resigned as supervisor of the Company with effect from 12 March 2018. Mr. Lai Jiaxing has been appointed as a supervisor of the Company with effect from 12 March 2018.

9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2017 Total *RMB'000*
Executive directors					
Mr. Huang Shaoxiong (Chairman) *(note (i))*	–	111	223	38	372
Mr. Fang Zheng *(note (i))*	–	111	223	38	372
Mr. Wu Jianchun *(note (i))*	–	111	223	38	372
Mr. Li Lixin	–	302	510	38	850
Mr. Shu Fuping *(note (i))*	–	36	112	38	186
Non-executive directors					
Mr. Tao Yunpeng	–	–	–	–	–
Mr. Li Yinan *(note (ii))*	–	–	–	–	–
Mr. Mei Weiyi *(note (ii))*	–	–	–	–	–
Mr. Yang Qingting *(note (ii))*	–	–	–	–	–
Mr. Zong Xiaolei *(note (ii))*	–	–	–	–	–
Mr. Chen Haibin *(note (ii))*	–	–	–	–	–
Independent non-executive directors					
Mr. Zhang Bai	100	–	–	–	100
Mr. Tao Zhigang	100	–	–	–	100
Mr. Wu Yiqiang *(note (iii))*	83	–	–	–	83
Mr. Zhou Xiaoqian *(note (iii))*	17	–	–	–	17
Supervisors					
Mr. Li Changxu	–	–	–	–	–
Mr. Wang Kun	–	–	–	–	–
Mrs. Hu Xiaohong	–	–	–	–	–
Mr. Hou Jiawei	–	–	–	–	–
Mrs. Ding Ruiling	–	80	–	–	80
Mr. Guo Xiaoping *(note (iv))*	–	67	–	–	67
Mr. Yan Zhongjun	–	182	331	38	551
Mr. Chen Wenxin	–	175	319	38	532
Mr. Zhu Deyuan *(note (iv))*	–	92	195	38	325
	300	1,267	2,136	304	4,007

9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes for 2017:

(i) Mr. Fang Zheng and Mr. Shu Fuping resigned as executive directors of the Company with effect from 25 August 2017. Mr. Huang Shaoxiong and Mr. Wu Jianchun were appointed as executive directors of the Company with effect from 25 August 2017.

(ii) Mr. Yang Qingting and Mr. Zong Xiaolei resigned as non-executive directors of the Company with effect from 23 February 2017. Mr. Li Yinan and Mr. Chen Haibin were appointed as non-executive directors of the Company with effect from 23 February 2017. Mr. Chen Haibin resigned as non-executive director of the Company with effect from 25 August 2017 and Mr. Mei Weiyi was appointed as non-executive director of the Company with effect from 25 August 2017.

(iii) Mr. Zhou Xiaoqian resigned as independent non-executive director of the Company with effect from 23 February 2017. Mr. Wu Yiqiang was appointed as independent non-executive director of the Company with effect from 23 February 2017.

(iv) Mr. Guo Xiaoping and Mr. Zhu Deyuan were appointed as supervisors of the Company with effect from 29 June 2017.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three are directors (2017: one) and no one is a supervisor (2017: two) whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2017: two) individuals are as follows:

	2018	2017
	RMB'000	*RMB'000*
Salaries and other emoluments	**462**	404
Discretionary bonuses	**897**	720
Retirement scheme contributions	**200**	76
	1,559	1,200

The emoluments of the two (2017: two) individuals who are not directors or supervisors and are amongst the five individuals with the highest emoluments are within the following band:

	2018	2017
	Number of individuals	*Number of individuals*
HK$ Nil to HK$1,000,000	**2**	2

11. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,993,237,000 (2017: RMB1,986,143,000) and the weighted average of 8,407,962,000 ordinary shares (2017: 8,407,962,000 ordinary shares) in issue during the year, calculated as follows:

	2018	2017
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**2,268,468**	2,117,043
Less: Profit attributable to the holders of perpetual medium-term notes *(note 31)*	**(130,236)**	(115,000)
Profit attributable to the holders of renewable corporate bonds *(note 32)*	**(144,995)**	(15,900)
Profit attributable to ordinary equity shareholders of the Company	**1,993,237**	1,986,143

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

12. SEGMENT REPORTING

The Group manages its businesses by divisions, which are based on their products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable operating segments:

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.

– Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.

– Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.

– Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

– Natural gas-fired power: this segment constructs, manages and operates natural gas-fired power plants and generates electric power for sale to power grid companies.

– Other business: this segment mainly manages and operates other clean energy power and heat plants and generates electric power for sale to power grid companies or heat for sale to the customers. This segment also operates the coal trading business.

(a) Segment results, assets and liabilities

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

- Segment assets do not include interests in associates and joint ventures, equity investments at fair value through other comprehensive income and available-for-sale equity investment, tax recoverable, deferred tax assets or unallocated head office and corporate assets. Segment liabilities do not include tax payable, deferred tax liabilities or unallocated head office and corporate liabilities.

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

12. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2018 and 2017 is set out below:

For the year ended 31 December 2018

	Wind power RMB'000	Solar power RMB'000	Hydropower RMB'000	Coal-fired power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Total RMB'000
Revenue from external customers							
–Sales of electricity	7,060,716	1,219,018	1,640,302	5,721,295	1,596,616	107,097	17,345,044
–Sales of steam	516	–	–	290,411	349,538	53,026	693,491
–Sales of others	22,171	13,052	53,054	104,301	17,396	303	210,277
Inter-segment revenue	3,681	–	10,491	–	3,962	–	18,134
	7,087,084	1,232,070	1,703,847	6,116,007	1,967,512	160,426	18,266,946
Reconciliation							
Inter-segment revenue	(3,681)	–	(10,491)	–	(3,962)	–	(18,134)
Reportable segment revenue	7,083,403	1,232,070	1,693,356	6,116,007	1,963,550	160,426	18,248,812
Reportable segment profit (operating profit)	3,639,648	638,354	447,969	166,206	112,351	278	5,004,806
Depreciation and amortisation	(2,670,585)	(432,216)	(478,744)	(729,839)	(228,596)	(25,885)	(4,565,865)
Interest income	19,445	6,413	3,185	5,081	1,455	844	36,423
Interest expenses	(1,768,411)	(297,978)	(92,828)	(337,521)	(122,585)	(13,812)	(2,633,135)
Impairment losses of property, plant and equipment	–	(1,143)	(1,132)	–	(2,071)	–	(4,346)
Impairment losses of trade receivables, other receivables and prepayments	1,042	(278)	(7)	(5,343)	–	(82)	(4,668)
Addition to non-current segment assets during the year	1,166,053	134,814	881,385	831,252	1,370,103	49,713	4,433,320
As at 31 December 2018							
Reportable segment assets	57,178,408	9,088,665	11,051,848	15,267,616	6,980,148	770,205	100,336,890
Reportable segment liabilities	43,872,295	6,567,507	3,934,684	11,742,077	5,525,162	468,800	72,110,525

12. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2017

	Wind power *RMB'000*	Solar power *RMB'000*	Hydropower *RMB'000*	Coal-fired power *RMB'000*	Natural gas -fired power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Revenue from external customers							
– Sales of electricity	6,388,528	1,093,023	2,507,646	4,609,453	1,364,103	105,968	16,068,721
– Sales of steam and others	12,525	217	10,291	286,932	219,267	79,353	608,585
Reportable segment revenue	6,401,053	1,093,240	2,517,937	4,896,385	1,583,370	185,321	16,677,306
Reportable segment profit (operating profit)	3,065,599	523,071	1,201,532	87,646	153,654	(9,991)	5,021,511
Depreciation and amortisation	(2,512,562)	(428,080)	(489,224)	(699,626)	(189,861)	(33,448)	(4,352,801)
Interest income	26,003	2,740	5,045	8,012	11,910	2,937	56,647
Interest expenses	(1,633,160)	(227,626)	(88,133)	(301,456)	(108,496)	(17,751)	(2,376,622)
Impairment losses of property, plant and equipment	(116,120)	–	–	(2,838)	(229)	(10,430)	(129,617)
Impairment losses of trade receivables, other receivables and prepayments	2,447	–	(60)	(18,162)	(90)	–	(15,865)
Addition to non-current segment assets during the year	2,914,933	1,129,069	531,827	1,756,158	520,011	17,285	6,869,283
As at 31 December 2017							
Reportable segment assets	56,664,028	10,129,250	10,432,875	14,759,586	4,889,246	864,380	97,739,365
Reportable segment liabilities	44,677,533	7,819,380	3,059,801	11,674,299	3,749,166	520,259	71,500,438

12. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	2018 *RMB'000*	2017 *RMB'000*
Revenue		
Reportable segment revenue	**18,248,812**	16,677,306
Service concession construction revenue	**80,393**	132,569
Unallocated head office and corporate revenue	**502**	2,804
Consolidated revenue	**18,329,707**	16,812,679
Profit		
Reportable segment profit	**5,004,806**	5,021,511
Unallocated head office and corporate revenue	**502**	2,804
Unallocated head office and corporate expenses	**(196,242)**	(174,808)
Share of profits less losses of associates and joint ventures	**939,700**	741,963
Net finance expenses	**(2,990,981)**	(2,800,462)
Gain on disposal of subsidiaries	**–**	11,219
Consolidated profit before taxation	**2,757,785**	2,802,227

12. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities (Continued)

	31 December 2018 RMB'000	31 December 2017 RMB'000
Assets		
Reportable segment assets	**100,336,890**	97,739,365
Inter-segment receivables	**(10,416,255)**	(5,207,935)
	89,920,635	92,531,430
Interests in associates and joint ventures	**8,984,570**	8,190,052
Other non-current assets – equity investments at fair value through other comprehensive income	**1,087,775**	–
Other non-current assets – available-for-sale investments	**–**	880,176
Deferred tax assets	**369,046**	376,513
Tax recoverable	**16,309**	9,642
Unallocated head office and corporate assets	**7,925,240**	5,252,045
Consolidated total assets	**108,303,575**	107,239,858
Liabilities		
Reportable segment liabilities	**72,110,525**	71,500,438
Inter-segment payables	**(10,416,255)**	(5,207,935)
	61,694,270	66,292,503
Tax payable	**77,413**	112,447
Deferred tax liabilities	**1,007,989**	918,394
Unallocated head office and corporate liabilities	**12,421,996**	13,449,416
Consolidated total liabilities	**75,201,668**	80,772,760

12. SEGMENT REPORTING (CONTINUED)

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

(d) Major customers

Revenue from the sales of electricity to the PRC government controlled power grid companies amounted to RMB17,344,274,000 for the year ended 31 December 2018 (2017: RMB14,510,134,000).

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2017	15,931,800	74,665,884	296,839	390,237	7,476,996	98,761,756
Additions	1,065	11,085	6,497	7,318	6,694,982	6,720,947
Transfer	410,813	3,712,312	8,594	12,091	(4,143,810)	–
Disposals	(33,255)	(115,702)	(30,684)	(13,597)	(44,337)	(237,575)
Reclassification from/(to) lease prepayments	8,668	41,480	–	–	(34,678)	15,470
Reclassification to intangible assets	–	–	–	–	(72,244)	(72,244)
Others	(29,084)	31,853	(10,470)	7,701	–	–
Exchange difference	–	17,185	–	–	–	17,185
Balance at 31 December 2017 and at 1 January 2018	16,290,007	78,364,097	270,776	403,750	9,876,909	105,205,539
Additions	**54,022**	**71,305**	**4,061**	**12,961**	**4,179,726**	**4,322,075**
Transfer	**539,526**	**2,946,666**	**10,652**	**19,707**	**(3,516,551)**	**–**
Disposals	**(19,621)**	**(223,836)**	**(13,916)**	**(2,125)**	**(20,704)**	**(280,202)**
Reclassification from/(to) lease prepayments	**10,237**	**–**	**–**	**–**	**(39,666)**	**(29,429)**
Others	**186,577**	**(185,317)**	**–**	**(1,260)**	**–**	**–**
Exchange difference	**–**	**1,582**	**–**	**–**	**–**	**1,582**
At 31 December 2018	**17,060,748**	**80,974,497**	**271,573**	**433,033**	**10,479,714**	**109,219,565**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses						
At 1 January 2017	4,283,242	15,037,643	191,389	211,321	105,923	19,829,518
Depreciation charge for the year	453,997	3,723,282	24,420	42,180	–	4,243,879
Written back on disposals	(17,551)	(95,816)	(28,029)	(12,784)	(38,367)	(192,547)
Impairment losses *(note (iv))*	2,838	70,430	–	–	56,349	129,617
Others	(2,951)	4,149	(2,180)	982	–	–
Exchange difference	–	4,213	–	–	–	4,213
Balance at 31 December 2017 and at 1 January 2018	4,719,575	18,743,901	185,600	241,699	123,905	24,014,680
Depreciation charge for the year	**508,072**	**3,906,072**	**20,896**	**35,439**	**–**	**4,470,479**
Written back on disposals	**(19,358)**	**(142,310)**	**(12,921)**	**(2,328)**	**(23,166)**	**(200,083)**
Impairment losses *(note (v))*	**–**	**–**	**–**	**–**	**4,346**	**4,346**
Others	**2,140**	**(2,267)**	**–**	**127**	**–**	**–**
Exchange difference	**–**	**517**	**–**	**–**	**–**	**517**
At 31 December 2018	**5,210,429**	**22,505,913**	**193,575**	**274,937**	**105,085**	**28,289,939**
Net book value:						
At 31 December 2017	11,570,432	59,620,196	85,176	162,051	9,753,004	81,190,859
At 31 December 2018	**11,850,319**	**58,468,584**	**77,998**	**158,096**	**10,374,629**	**80,929,626**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(i) The Group's property, plant and equipment are mainly located in the PRC.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB14,531,653,000 as at 31 December 2018 (31 December 2017: RMB14,819,593,000).

(iii) Property, plant and equipment held under finance leases.

Certain properties and equipment of the Group with an aggregate net book value of RMB465,655,000 as at 31 December 2018 (31 December 2017: RMB387,142,000) are accounted for as finance leases with maturity periods of 5 to 10 years.

(iv) The recoverable amounts of the projects have been estimated based on their value in use or fair value less costs to sell. When determining the recoverable amounts based on value-in-use calculations, the management prepared the calculations with cash flow projections covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using discount rates of 7%-10%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Key assumption used for the value-in-use calculations is the revenue from electricity sales. Management determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by related government authorities. For these constructions in progress, the Group reviewed the construction and development plans of its wind power projects under construction in those areas. As a result, the impairment losses of RMB129,617,000 have been included in other operating expenses.

(v) Full impairment provision of RMB4,346,000 was made on certain construction in progress projects where the construction was in hold up progress and management considered that the probability of further processing of these projects is remote.

14. LEASE PREPAYMENTS

	RMB'000
Cost:	
At 1 January 2017	1,661,561
Additions	2,262
Transfer to property, plant and equipment	(15,470)
Balance at 31 December 2017 and at 1 January 2018	1,648,353
Additions	**6,055**
Transfer from property, plant and equipment	**29,429**
At 31 December 2018	**1,683,837**
Accumulated amortisation:	
At 1 January 2017	176,957
Charge for the year	43,896
Balance at 31 December 2017 and at 1 January 2018	220,853
Charge for the year	**35,433**
At 31 December 2018	**256,286**
Net book value:	
At 31 December 2017	1,427,500
At 31 December 2018	**1,427,551**

Lease prepayments mainly represent prepayments for acquiring rights to use land, which are all located in the PRC, with lease period of 20 to 70 years. Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's lease prepayments, which had an aggregate net book value of RMB11,593,000 as at 31 December 2018 (31 December 2017: RMB12,149,000).

15. INTANGIBLE ASSETS

	Concession assets RMB'000	Software and others RMB'000	Goodwill RMB'000	Total RMB'000
Cost:				
At 1 January 2017	667,035	132,465	496,647	1,296,147
Additions	132,569	14,811	–	147,380
Disposals	(5,903)	(26)	–	(5,929)
Transfer from construction in progress	72,244	–	–	72,244
Balance at 31 December 2017 and at 1 January 2018	**865,945**	**147,250**	**496,647**	**1,509,842**
Additions	80,393	29,889	–	110,282
At 31 December 2018	**946,338**	**177,139**	**496,647**	**1,620,124**
Accumulated amortisation:				
Balance at 1 January 2017	119,838	45,903	–	165,741
Charge for the year	32,595	14,857	–	47,452
Written back on disposal	(2,190)	(5)	–	(2,195)
Balance at 31 December 2017 and at 1 January 2018	**150,243**	**60,755**	**–**	**210,998**
Charge for the year	**33,852**	**16,347**	**–**	**50,199**
At 31 December 2018	**184,095**	**77,102**	**–**	**261,197**
Net book value:				
At 31 December 2017	715,702	86,495	496,647	1,298,844
At 31 December 2018	**762,243**	**100,037**	**496,647**	**1,358,927**

15. INTANGIBLE ASSETS (CONTINUED)

The amortisation charge for the year is included in "depreciation and amortisation" in the profit or loss.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segments as follows:

	2018 ***RMB'000***	2017 *RMB'000*
Hydropower	**230,135**	230,135
Wind power	**266,512**	266,512
Total	**496,647**	496,647

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by the management covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using discount rates of 6.3% to 10.9% (2017: 8% to 13%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The key assumption used for the value-in-use calculations is the revenue from electricity sales. Management has determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by the related government authorities.

16. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries at 31 December 2018 which principally affected the results, assets or liabilities of the Group. All of these subsidiaries are limited liability companies.

Name of company	Place of incorporation/ registration and business	Registered capital *(RMB'000)*	Proportion of ownership interest		Principal activities
			Held by the Company	Held by subsidiaries	
Fujian Mianhuatan Hydropower Development Company Limited 福建棉花灘水電開發有限公司("Mianhuatan Hydropower") *(note (ii))*	the PRC	800,000	60%	–	Hydropower generation
Fujian Huadian Jinhu Power Company Limited 福建華電金湖電力有限公司("Jinhu Power") *(note (ii))*	the PRC	100,000	–	50%	Hydropower generation
Huadian Ningde Electric Power Development Company Limited 華電寧德電力開發有限公司("Ningde Electric Power") (Previous known as "Mindong Hydropower Development Company Limited") *(note (ii))*	the PRC	250,405	51%	–	Hydropower generation
Fujian Huadian Gaosha Hydropower Company Limited 福建華電高砂水電有限公司 *(note (ii))*	the PRC	66,000	–	62%	Hydropower generation
Huadian (Shaxian) Energy Company Limited 華電(沙縣)能源有限公司 *(note (ii))*	the PRC	66,000	–	40%	Hydropower generation
Fujian Huadian Wan'an Energy Company Limited 福建華電萬安能源有限公司 *(note (ii))*	the PRC	40,000	–	41%	Hydropower generation
Zhouning Huadian Energy Company Limited 周寧華電能源有限公司 *(note (ii))*	the PRC	60,000	–	70%	Hydropower generation
Fujian Shunchang Yangkou Hydropower Company Limited 福建省順昌洋口水電有限公司 *(note (ii))*	the PRC	66,000	–	55%	Hydropower generation
Fujian Songxixian Jinxing Hydropower Company Limited 福建省松溪縣金星水電有限公司 *(note (ii))*	the PRC	13,000	–	45%	Hydropower generation
Fujian Huadian Yong'an Power Generation Company Limited 福建華電永安發電有限公司	the PRC	663,000	100%	–	Coal-fired power generation
Huadian (Zhangping) Energy Company Limited 華電(漳平)能源有限公司(Previous known as "Fujian Huadian Zhangping Coal-fired Power Company Limited")	the PRC	912,815	100%	–	Coal-fired power generation
Fujian Huadian Shaowu Power Generation Company Limited 福建華電邵武發電有限公司	the PRC	10,000	100%	–	Coal-fired power generation
Fujian Huadian Kemen Power Generation Company Limited 福建華電可門發電有限公司	the PRC	1,231,000	100%	–	Coal-fired power generation
Maoming Zhong'ao Wind Power Company Limited 茂名市中坳風電有限公司 *(note (ii))*	the PRC	83,288	51%	–	Wind power generation
Inner Mongolia Huadian Huitengxile Wind Power Company Limited 內蒙古華電輝騰錫勒風力發電有限公司	the PRC	607,000	100%	–	Wind power generation
Inner Mongolia Huadian Bayin Wind Power Company Limited 內蒙古華電巴音風力發電有限公司	the PRC	302,000	100%	–	Wind power generation
Gansu Huadian Yumen Wind Power Company Limited 甘肅華電玉門風力發電有限公司	the PRC	595,000	100%	–	Wind power generation

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Registered capital (RMB'000)	Proportion of ownership interest Held by the Company	Held by subsidiaries	Principal activities
Huadian Jilin Da'an Wind Power Company Limited 華電吉林大安風力發電有限公司	the PRC	219,020	100%	–	Wind power generation
Inner Mongolia Huadian Wutaohai Wind Power Company Limited 內蒙古華電烏套海風電有限公司	the PRC	480,000	100%	–	Wind power generation
Huadian Tieling Wind Power Company Limited 華電鐵嶺風力發電有限公司	the PRC	183,500	100%	–	Wind power generation
Hebei Huadian Shangyi Wind Power Company Limited 河北華電尚義風力發電有限公司	the PRC	292,320	70%	–	Wind power generation
Inner Mongolia Huadian Meiguiying Wind Power Company Limited 內蒙古華電玫瑰營風力發電有限公司	the PRC	335,250	100%	–	Wind power generation
Shanxi Huadian Guangling Wind Power Company Limited 山西華電廣靈風力發電有限公司 *(note (ii))*	the PRC	250,000	–	65%	Wind power generation
Qitaihe Honghao Wind Power Company Limited 七台河宏浩風力發電有限公司 *(note (ii))*	the PRC	75,000	60%	–	Wind power generation
Shanxi Huadian Yanggao Wind Power Company Limited 山西華電陽高風力發電有限公司 *(note (ii))*	the PRC	80,000	–	65%	Wind power generation
Gansu Huadian Huanxian Wind Power Company Limited 甘肅華電環縣風力發電有限公司	the PRC	722,000	100%	–	Wind power generation
Shanghai Huadian Min Hang Energy Company Limited 上海華電閔行能源有限公司	the PRC	180,000	100%	–	Natural gas-fired power generation
Xinjiang Huadian Xuehu Wind Power Company Limited 新疆華電雪湖風力發電有限公司	the PRC	207,000	100%	–	Wind power generation
Damaoqi Xiehe Wind Power Company Limited 達茂旗協合風力發電有限公司	the PRC	291,000	100%	–	Wind power generation
Gansu Jingyuan Hangtian Wind Power Company Limited 甘肅靖遠航天風力發電有限公司	the PRC	215,000	98%	–	Wind power generation
Yunnan Huadian Daheishan Wind Power Company Limited 雲南華電大黑山風力發電有限公司	the PRC	344,400	85%	–	Wind power generation
Huadian Xinghua Solar Power Company Limited 華電興化太陽能發電有限公司	the PRC	284,000	100%	–	Solar power generation
Huadian Fuxin Xinjiang Power Company Limited 華電福新新疆能源有限公司	the PRC	348,000	100%	–	Solar power generation
Guangzhou University Town Huadian New Energy Company Limited 廣州大學城華電新能源有限公司("Guangzhou New Energy") *(note (ii))*	the PRC	294,360	55%	–	Natural gas-fired power generation
Huadian Fuxin International Investment Company Limited 華電福新國際投資有限公司	Hong Kong	*(HK$'000)* 390,000	100%	–	Investment holding
Elecdey Barchin, S.A.–Sociedad Unipersonal	Spain	*(EURO'000)* 200	–	100%	Wind power generation

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

(i) The English translation of the names is for reference only, except for the subsidiaries incorporated outside the PRC. The official names of these entities are in Chinese.

(ii) The Company's voting power in these entities attached to the equity interests does not allow the Company to have the rights to variable returns from its involvement with these entities and to have the ability to affect those returns through its power over these entities according to the articles of association of these entities. However, the Company or its subsidiaries is the largest shareholder of these entities and no other shareholders individually or in aggregate have the power to control these entities according to the articles of association. Historically, the Company controlled these entities by appointing senior management, approving the annual budget and determining the remuneration of employees, etc. The Company or its subsidiaries had signed the concert party agreements with certain equity holders of these companies, whereby such equity holders have agreed to vote the same as the Company or its subsidiaries. Such equity holders have also confirmed that the voting in unison with the Company or its subsidiaries has existed since the establishment of these companies. The PRC lawyer of the Company confirmed that the concert party agreements are valid under the relevant PRC laws. Considering the above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore, the financial information of these companies is consolidated by the Company for the years presented.

The following table lists out the information relating to Mianhuatan Hydropower, Ningde Electric Power, Guangzhou New Energy and Jinhu Power, the four subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Mianhuatan Hydropower		Ningde Electric Power		Guangzhou New Energy		Jinhu Power	
	2018 **RMB'000**	2017 RMB'000	**2018** **RMB'000**	2017 RMB'000	**2018** **RMB'000**	2017 RMB'000	**2018** **RMB'000**	2017 RMB'000
NCI percentage	**40%**	40%	**49%**	49%	**45%**	45%	**50%**	50%
Current assets	**139,897**	54,140	**52,465**	36,380	**99,946**	90,435	**44,380**	28,548
Non-current assets	**2,911,542**	3,007,216	**964,361**	995,804	**454,860**	400,124	**740,870**	704,214
Current liabilities	**440,582**	332,956	**139,950**	152,085	**75,344**	47,635	**135,563**	129,530
Non-current liabilities	**440,708**	516,607	**278,780**	276,058	**114,513**	83,473	**301,017**	218,080
Net assets	**2,170,149**	2,211,793	**598,096**	604,041	**364,949**	359,451	**348,670**	385,152
Carrying amount of NCI	**868,060**	884,717	**293,067**	295,980	**164,227**	161,753	**174,821**	192,460
Revenue	**341,682**	599,678	**211,849**	315,389	**437,823**	481,196	**130,973**	246,699
Profit and other comprehensive income for the year	**111,346**	254,709	**68,513**	139,145	**5,497**	43,495	**27,438**	69,407
Profit allocated to NCI	**44,539**	101,884	**33,571**	68,181	**2,474**	19,573	**13,719**	34,683
Dividends paid to NCI	**61,196**	75,261	**36,484**	45,759	**-**	20,160	**31,358**	10,107
Cash flows from operating activities	**210,782**	368,380	**92,160**	217,790	**52,727**	87,942	**12,625**	134,735
Cash flows used in investing activities	**(3,695)**	(2,989)	**(11,729)**	(11,502)	**(92,011)**	(21,553)	**(25,616)**	(6,783)
Cash flows from /(used in) financing activities	**(145,604)**	(406,159)	**(99,117)**	(196,214)	**56,910**	(55,143)	**11,022**	(131,614)

17. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	2018	2017
	RMB'000	*RMB'000*
Share of net assets:		
– Unlisted investments	**8,500,599**	7,740,905
– Listed shares in Hong Kong	**483,971**	449,147
	8,984,570	8,190,052
Market value of listed shares	**238,988**	253,782

All of the associates and the joint ventures are limited liability companies. The following list contains only the particulars of material associates, which principally affected the results or assets of the Group. Except for Concord New Energy Group Limited ("Concord New Energy"), all associates and the joint ventures are unlisted corporate entities whose quoted market prices are not available:

			Proportion of ownership interest		
Name of associate	**Place of incorporation/ registration and business**	**Registered/ issued capital** *RMB'000*	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Fujian Fuqing Nuclear Power Company Limited (福建福清核電有限公司)	the PRC	13,405,900	39%	–	Nuclear power generation
Concord New Energy Group Limited (協合新能源集團有限公司)	Bermuda/the PRC	125,000 *(HK$'000)*	–	10.29%	Construction of power plants
Zhonghai Fujian Gas Power Generation Company Limited (中海福建燃氣發電有限公司)	the PRC	777,000	25%	–	Gas power generation
Sanmen Nuclear Power Company Limited (三門核電有限公司)	the PRC	9,846,970	10%	–	Nuclear power generation

All of the above associates are accounted for using the equity method in the consolidated financial statements.

The Group made capital contributions to Fujian Fuqing Nuclear Power Company Limited and Sanmen Nuclear Power Company Limited of RMB592,030,000 (2017: RMB740,810,000) and RMB51,000,000 (2017: RMB142,052,000), respectively, in 2018. During 2017, the Group also made capital contributions to Pingnanxian Houlongxi Hydropower Company Limited of RMB2,303,000.

17. INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Fujian Fuqing Nuclear Power Company Limited		Concord New Energy Group Limited	
	2018 RMB'000	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Gross amounts of the associates				
Current assets	**4,787,208**	4,840,507	**3,566,432**	3,708,449
Non-current assets	**68,633,857**	64,628,060	**13,846,317**	10,114,044
Current liabilities	**6,330,975**	7,835,449	**9,402,140**	3,616,445
Non-current liabilities	**50,884,427**	47,242,325	**3,463,929**	5,935,547
Equity	**16,205,663**	14,390,793	**4,546,680**	4,270,501
Revenue	**9,165,950**	7,364,821	**1,414,070**	1,035,967
Profit	**2,173,638**	1,747,730	**513,849**	206,618
Other comprehensive income	**(35)**	9	**(9,861)**	(11,239)
Total comprehensive income	**2,173,603**	1,747,739	**503,988**	195,379
Dividend receivable/received from the associates	**773,760**	847,080	**7,458**	7,556
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associate	**16,205,663**	14,390,793	**4,546,680**	4,270,501
Group's effective interest	**39%**	39%	**10.29%**	10.14%
Group's share of net assets of the associates	**6,320,209**	5,612,409	**467,853**	433,029
Goodwill on acquisition	**-**	-	**16,118**	16,118
Carrying amount included in the consolidated financial statements	**6,320,209**	5,657,272	**483,971**	449,147

17. INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

	Zhonghai Fujian Gas Power Generation Company Limited		Sanmen Nuclear Power Company Limited	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Gross amounts of the associates				
Current assets	**625,156**	327,041	**3,085,230**	2,202,905
Non-current assets	**2,126,436**	2,324,117	**63,304,275**	57,838,227
Current liabilities	**811,862**	606,696	**5,458,570**	3,268,455
Non-current liabilities	**930,000**	1,130,000	**45,744,769**	42,284,280
Equity	**1,009,730**	914,462	**15,186,166**	14,488,397
Revenue	**2,581,709**	2,278,867	**1,454,608**	–
Profit	**95,268**	46	**199,095**	–
Other comprehensive income	**–**	–	**4,043**	–
Total comprehensive income	**95,268**	46	**203,138**	–
Dividend receivable/received from the associates	**–**	45,899	**–**	–
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associate	**1,009,730**	914,462	**15,186,166**	14,488,397
Group's effective interest	**25%**	25%	**10%**	10%
Group's share of net assets of the associates	**252,433**	228,616	**1,518,617**	1,448,840
Carrying amount included in the consolidated financial statements	**252,433**	228,616	**1,523,036**	1,451,113

Aggregate information of associates and joint ventures that are not individually material:

	2018	2017
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**404,921**	403,904
Aggregate amounts of the Group's share of profit and other comprehensive income of those associates and joint ventures	**18,603**	21,731

18. OTHER NON-CURRENT ASSETS

	2018 **RMB'000**	2017 RMB'000
Deductible Value Added Tax ("VAT") *(note (i))*	**1,723,049**	2,256,094
Unquoted equity investments in non-listed companies, at fair value *(note (ii))*	**876,361**	–
Equity investment in a Hong Kong listed company, at fair value *(note (iii))*	**211,414**	–
Unquoted available-for-sale equity investments in non-listed companies, at cost *(note (ii))*	**–**	594,955
Available-for-sale equity securities, listed in Hong Kong *(note (iii))*	**–**	285,221
Deferred differences arising from sales and leaseback resulting in a finance lease	**113,283**	144,042
Others	**152,640**	151,052
	3,076,747	3,431,364

Notes:

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventories, which is deductible from output VAT. The input VAT expected to be deducted within one year is recorded in prepayments and other current assets (note 21).

(ii) The unquoted equity investments in non-listed companies are limited liability companies established in the PRC. On 1 January 2018 (the initial application date of IFRS 9), the Group's management has assessed and classified these equity investments into equity investments through other comprehensive income and measured at fair value (without recycling).

(iii) Pursuant to the agreement with China Energy Engineering Corporation Limited ("China Energy Engineering"), the Group subscribed for the 243,722,000 shares of China Energy Engineering at the offering price of HK$1.59 per share on 8 December 2015. The Group recognised it as an equity investment at fair value through other comprehensive income (without recycling).

Net changes in the fair values of the equity investments described in (ii) as at 1 January 2018 (the initial application date of IFRS 9) was RMB334,168,000 (note 3). Net changes in the fair values of the aforementioned equity investments from 1 January 2018 to 31 December 2018 was RMB209,135,000.

19. INVENTORIES

(a) Inventories in the statement of financial position comprise:

	2018 RMB'000	2017 RMB'000
Coal	**275,441**	138,413
Fuel oil	**4,346**	3,773
Spare parts and others	**133,777**	135,192
	413,564	277,378

(b) The analysis of the amount of inventories recognised as expenses and included in profit or loss is as follows:

	2018 RMB'000	2017 RMB'000
Cost of fuel	**5,876,957**	4,601,058
Cost of coal sold	**–**	17,790
Cost of spare parts and others used	**200,663**	209,238
	6,077,620	4,828,086

20. TRADE AND BILLS RECEIVABLE

	2018 **RMB'000**	2017 RMB'000
Amounts due from third parties	**5,960,434**	6,984,231
Amounts due from an associate	**18,212**	17,141
Amounts due from fellow subsidiaries	**4,360**	469
Less: allowance for doubtful accounts	**(13,229)**	(9,923)
	5,969,777	6,991,918
Analysed into:		
Trade receivable	**5,667,434**	6,801,406
Bills receivable	**302,343**	190,512
	5,969,777	6,991,918

(a) Ageing analysis

The ageing analysis of trade and bills receivable of the Group based on the invoice date, and net of loss allowance, is as follows:

	2018 **RMB'000**	2017 RMB'000
Within 1 year	**5,917,678**	6,942,990
Between 1 and 2 years	**18,278**	31,673
Between 2 and 3 years	**31,073**	11,519
Over 3 years	**2,748**	5,736
	5,969,777	6,991,918

The Group's trade receivables are mainly electricity sales receivable from local grid companies for whom there was no recent history of default. Generally, the debtors are due within 15–30 days from the date of invoice, except for the tariff premium of renewable energy relating to certain renewable energy projects, such as wind power projects and solar power projects. The collection of such tariff premium is subject to the allocation of funds by the relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement. Certain of the Group's interest-bearing borrowings with carrying amounts of RMB17,105,786,000 (2017: RMB18,732,960,000) were secured by certain rights of receipt of tariff of the Group.

20. TRADE AND BILLS RECEIVABLE (CONTINUED)

(b) Loss allowance for impairment of trade and bills receivable

The movements in the loss allowance for impairment of doubtful debts during the year are as follows:

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**9,923**	9,925
Impairment losses, net	**3,474**	(2)
Uncollectible amounts written off	**(168)**	–
At 31 December	**13,229**	9,923

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that recovery of the amount is remote.

Pursuant to CaiJian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2018, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The directors are of the opinion that the approvals will be obtained in due course and these trade receivables from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit loss of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

20. TRADE AND BILLS RECEIVABLE (CONTINUED)

(b) Loss allowance for impairment of trade and bills receivable (Continued)

Impairment under IFRS 9 for the year ended 31 December 2018 (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2018

	Tariff premium of renewable energy	Ageing				
		Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	–	–	4.0%	17.0%	45.2%	
Gross carrying amount *(RMB'000)*	3,948,183	1,667,152	18,278	31,073	15, 977	5,680,663
Expected credit losses *(RMB'000)*	–	–	731	5,282	7,216	13,229

Bills receivable as at 31 December 2018 were all bank's acceptance bills with a maturity of one to six months, management considers the probability of default as minimal.

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 were provisions for individually impaired trade receivables of RMB9,923,000 with carrying amounts before provision of RMB16,291,000. The individually impaired trade receivables as at 31 December 2017 related to customers that were in financial difficulties and management assessed that the receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group did not hold any collateral over these balances.

(c) Trade and bills receivable that are not impaired under IAS 39

The ageing analysis of trade and bills receivable as at 31 December 2017 that were neither individually nor collectively considered to be impaired under IAS 39 is as follows:

	2017 *RMB'000*
Neither past due nor impaired	6,991,918

Trade and bills receivable that were neither past due nor impaired mainly represented the electricity sales receivables from local grid companies for whom there was no recent history of default and bills receivable. All trade and bills receivable are expected to be recovered within one year.

21. PREPAYMENTS AND OTHER CURRENT ASSETS

	2018 RMB'000	2017 RMB'000
Certified Emission Reduction ("CERs") receivables	**92,333**	92,333
Staff advance and other deposits	**29,260**	39,715
Amounts due from related parties		
– due from fellow subsidiaries	**17,440**	19,060
– due from associates	**558,638**	422,286
Deductible VAT *(note 18 (i))*	**1,188,543**	1,166,463
Prepayments for the coal and spare parts supply	**63,349**	88,027
Other prepayments and debtors	**360,682**	249,167
	2,310,245	2,077,051
Less: allowance for doubtful debts	**(156,731)**	(158,533)
	2,153,514	1,918,518

The movement in the allowance for doubtful debts is as follows:

	2018 RMB'000	2017 RMB'000
At 1 January	**158,533**	147,130
Impairment losses recognised	**2,270**	18,320
Reversal of impairment losses	**(1,076)**	(2,453)
Uncollectible amounts written off	**(2,996)**	(4,464)
At 31 December	**156,731**	158,533

21. PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

Impairment under IFRS 9 for the year ended 31 December 2018

For the financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. For staff advance and other deposits, certain amounts included in amounts due from associates and certain amount included in other prepayments and debtors, they have specific due dates or settlement schedule. Management considers the probability of default as minimal. The expected credit loss rate applied for the rest part of prepayments and other current assets ranged from 1.0% to 77.7%.

Impairment under IAS 39 for the year ended 31 December 2017

The Group's financial assets included in prepayments and other current assets of RMB158,533,000 as at 31 December 2017 were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

For the other balances of prepayments and other current assets for the Group, the management is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

22. RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as housing maintenance fund designated for specific purposes pursuant to the relevant PRC regulations.

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents:

	2018	2017
	RMB'000	*RMB'000*
Cash on hand	**88**	244
Cash at bank	**1,505,605**	248,125
Deposits with a fellow subsidiary *(note (i))*	**2,092,148**	1,873,534
	3,597,841	2,121,903

Note:

(i) Deposits with a fellow subsidiary represent the deposits in China Huadian Finance Corporation Limited ("Huadian Finance"), a registered financial institution in the PRC.

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

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

	Borrowings *RMB'000*	Obligations under finance leases *RMB'000*	Dividends payable included in other payables and accruals *RMB'000*	Total *RMB'000*
	(note 24)	*(note 25)*		
At 1 January 2018	**69,161,638**	**251,427**	**123,674**	**69,536,739**
Changes from financing cash flows:				
Proceeds from borrowings	27,516,082	–	–	27,516,082
Repayment of borrowings	(31,641,426)	–	–	(31,641,426)
Payments of finance lease obligations	–	(36,644)	–	(36,644)
Dividends paid	–	–	(821,904)	(821,904)
Interest paid	(3,220,814)	–	–	(3,220,814)
Total changes from financing cash flows	(7,346,158)	(36,644)	(821,904)	(8,204,706)
Exchange adjustments	8,625	–	7,928	16,553
Other changes:				
Finance charges on obligations under finance leases *(note 6)*	–	11,275	–	11,275
Interest expenses *(note 6)*	3,200,608	–	–	3,200,608
Decrease in interest payable	30,051	–	–	30,051
Reclassification	(90,411)	90,411	–	–
Dividends payable by subsidiaries to non-controlling equity holders	–	–	244,685	244,685
Final dividend of 2017	–	–	467,483	467,483
Profit attributable to the holders of perpetual medium-term notes and renewable corporate	–	–	275,231	275,231
Total other changes	3,140,248	101,686	987,399	4,229,333
At 31 December 2018	**64,964,353**	**316,469**	**297,097**	**65,577,919**

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (Continued):

	Borrowings	Obligations under finance leases	Total
	RMB'000	*RMB'000*	*RMB'000*
	(note 24)	*(note 25)*	
At 1 January 2017	66,739,701	277,167	67,016,868
Changes from financing cash flows	(676,061)	(37,292)	(713,353)
Exchange adjustments	12,091	–	12,091
Other changes:			
Finance charges on obligations under finance leases *(note 6)*	–	11,552	11,552
Interest expenses *(note 6)*	2,879,270	–	2,879,270
Capitalised borrowing costs *(note 6)*	249,329	–	249,329
Decrease in interest payable	(42,692)	–	(42,692)
Total other changes	3,085,907	11,552	3,097,459
At 31 December 2017	69,161,638	251,427	69,413,065

24. BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	2018 RMB'000	2017 RMB'000
Bank loans and loans from financial institutions		
– Secured	**23,659,861**	25,729,180
– Unsecured *(note (i))*	**25,816,930**	23,983,771
Loans from China Huadian Corporation Ltd. ("Huadian")		
– Unsecured	**2,246,447**	2,246,447
Loans from fellow subsidiaries		
– Secured	**601,599**	701,788
– Unsecured	**273,000**	238,000
Other borrowings		
– Secured *(note (e)(i))*	**834,943**	–
– Unsecured *(note (e)(ii))*	**5,991,748**	6,986,874
	59,424,528	59,886,060
Less: current portion of long-term borrowings		
– Bank loans and loans from financial institutions	**(5,195,811)**	(4,950,354)
– Loans from fellow subsidiaries	**(132,448)**	(156,702)
– Other borrowings	**–**	(999,713)
	54,096,269	53,779,291

Note:

All of the long-term interest-bearing borrowings are carried at amortised cost.

(i) Certain unsecured borrowings were guaranteed by the following entities:

	2018 RMB'000	2017 RMB'000
Guarantor		
– Huadian	**365,928**	1,163,000
– Non-controlling shareholders of subsidiaries	**89,000**	30,600
	454,928	1,193,600

24. BORROWINGS (CONTINUED)

(b) The short-term interest-bearing borrowings comprise:

	2018 *RMB'000*	2017 *RMB'000*
Bank loans and loans from financial institutions		
– Secured	**167,800**	98,800
– Unsecured	**4,473,343**	7,766,778
Loans from a fellow subsidiary		
– Unsecured	**100,000**	1,410,000
Other borrowings		
– Unsecured *(note (e)(iii))*	**798,682**	–
	5,539,825	9,275,578
Add: current portion of long-term borrowings		
– Bank loans and loans from financial institutions	**5,195,811**	4,950,354
– Loans from fellow subsidiaries	**132,448**	156,702
– Other borrowings	**–**	999,713
	10,868,084	15,382,347

(c) The interest rates on borrowings are as follows:

	2018	2017
Long-term		
Bank loans and loans from financial institutions	**1.08%–6.20%**	1.08%–6.20%
Loans from Huadian	**4.15%–5.60%**	4.15%–5.60%
Loans from fellow subsidiaries	**4.75%–4.90%**	4.75%–4.90%
Other borrowings	**3.04%–5.38%**	3.04%–5.38%
Short-term		
Bank loans and loans from financial institutions	**0.47%–5.66%**	0.47%–5.00%
Loans from a fellow subsidiary	**4.35%**	3.92%–4.35%
Other borrowings	**3.30%**	N/A

24. BORROWINGS (CONTINUED)

(d) The borrowings are repayable as follows:

	2018 *RMB'000*	2017 *RMB'000*
Within 1 year or on demand	**10,868,084**	15,382,347
After 1 year but within 2 years	**9,066,799**	5,632,276
After 2 years but within 5 years	**22,538,054**	22,336,132
After 5 years	**22,491,416**	25,810,883
	64,964,353	69,161,638

(e) Significant terms of other borrowings:

	2018 *RMB'000*	2017 *RMB'000*
Long-term		
Asset-backed securities *(note (i))*	**834,943**	–
Corporate bonds *(note (ii))*	**5,991,748**	6,986,874
Short-term		
Financing instruments *(note (iii))*	**798,682**	–

Notes:

(i) In March 2018, the Company's several wholly-owned subsidiaries, securitise a batch of rights of receipt of electricity tariff through transfer of those assets to a special purpose entity with an aggregate principal amount of RMB840,000,000 to institutional investors. The asset-backed securities have eleven senior tranches and one subordinated tranche. The Group received proceeds of RMB830,000,000 from the senior tranches which have expected annualised yields of 5.1% and maturity periods from two years to twelve years. The subordinated tranche amounting to RMB10,000,000 was purchased by the Company itself and thus no proceeds were received. As at 31 December 2018, the amortised cost of the debt securities issued amounted to RMB834,943,000 (2017: nil).

(ii) On 25 March 2013, the Company issued a five-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.00% per annum, which was repaid on 25 March 2018, and a ten-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.30% per annum. The effective interest rates of the above bonds are 5.13% and 5.38% per annum, respectively.

On 22 September 2016, the Company issued a five-year unsecured corporate bond of RMB3,000,000,000 at par with a coupon rate of 2.97% per annum, the effective interest rate of this bond is 3.04% per annum.

24. BORROWINGS (CONTINUED)

(e) Significant terms of other borrowings (Continued)

Notes: (Continued)

(ii) (Continued)

On 4 November 2016, the Company issued a five-year unsecured corporate bond of RMB900,000,000 at par with a coupon rate of 3.02% per annum and a seven-year unsecured corporate bond of RMB1,100,000,000 at par with a coupon rate of 3.18% per annum. The effective interest rates of the above bonds are 3.09% and 3.23% per annum, respectively.

(iii) At 31 December 2018, the balance represented unsecured ultra-short-term corporate bonds with a coupon rate of 3.30% per annum with a due date of 22 July 2019.

25. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	2018		2017	
	Present value of the minimum lease payments	**Total minimum lease prepayments**	Present value of the minimum lease payments	Total minimum lease prepayments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**25,810**	**40,184**	25,530	36,666
After 1 year but within 2 years	**48,426**	**61,200**	25,810	35,748
After 2 years but within 5 years	**147,211**	**174,530**	79,229	101,754
After 5 years	**95,022**	**99,915**	120,858	134,808
	290,659	**335,645**	225,897	272,310
	316,469	**375,829**	251,427	308,976
Less: Total future interest expenses		**(59,360)**		(57,549)
Present value of finance lease obligations		**316,469**		251,427

At inception, the lease periods of the finance lease obligation are approximately 6 to 20 years.

26. TRADE AND BILLS PAYABLE

	2018	2017
	RMB'000	*RMB'000*
Trade payables to third parties	**912,813**	722,324
Bills payable to third parties	**48,000**	165,035
Trade payables to related parties	**117,868**	59,587
Bills payable to related parties	**25,000**	134,143
	1,103,681	1,081,089

The ageing analysis for the trade and bills payable, based on invoice dates, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**819,214**	904,885
Between 1 and 2 years	**235,471**	114,464
Between 2 and 3 years	**23,534**	42,325
Over 3 years	**25,462**	19,415
	1,103,681	1,081,089

All of the trade and bills payable are expected to be settled within one year or are repayable on demand and are non-interest-bearing.

27. OTHER PAYABLES AND ACCRUALS

	2018 RMB'000	2017 RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	**3,710,333**	5,324,073
Provision for Mianhuatan resettlement compensation *(note (i))*	**40,000**	40,000
Retention payable *(note (ii))*	**805,223**	896,430
Dividends payable	**297,097**	123,674
Payable for acquisition of subsidiaries	**4,584**	26,758
Payables for staff related costs	**78,555**	58,033
Payables for other taxes	**212,281**	171,834
Interest payable	**189,428**	219,479
Amounts due to fellow subsidiaries *(note (iii))*	**919,443**	865,362
Amounts due to associates *(note (iii))*	**309,965**	739,570
Amounts due to Huadian *(note (iii))*	**2,000**	12,000
Contract liability	**31,668**	–
Other accruals and payables	**619,643**	237,645
	7,220,220	8,714,858

Notes:

(i) Mianhuatan Hydropower, one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principle and paid to the local government additional compensations of RMB15 million, RMB15 million and RMB360 million in 2009, 2010 and 2011, respectively, totalling RMB390 million. In addition, the management of Mianhuatan Hydropower has recognised an additional provision of RMB40 million for this dispute during the year ended 31 December 2011. The total amounts of RMB430 million have been capitalised in the property, plant and equipment. After reviewing the assessment report from the Shanghai Institute, the Fujian Development and Reform Commission (the "Fujian DRC") the and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation for which Mianhuatan Hydropower is responsible.

(ii) Retention payable represents amounts due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.

(iii) These amounts are all unsecured, interest-free and have no fixed terms of payment.

All other payables and accruals are expected to be settled within one year or are repayable on demand.

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax (recoverable)/payable in the consolidated statement of financial position represents:

	2018	2017
	RMB'000	*RMB'000*
Net tax payable at 1 January	**102,805**	211,966
Provision for the year *(note 8(a))*	**254,938**	290,737
Underprovision in respect of prior years *(note 8(a))*	**3,695**	15,587
Income tax paid	**(300,334)**	(415,485)
Net tax payable at 31 December	**61,104**	102,805
Representing:		
Tax payable	**77,413**	112,447
Tax recoverable	**(16,309)**	(9,642)
	61,104	102,805

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Tax losses	Revaluation deficit	Provision for impairment of assets	Trial run revenue	Deferred income	Expenses deductible on payment basis	Revaluation surplus	Depreciation of property plant and equipment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	16,490	51,068	19,447	219,695	48,059	17,530	(274,809)	(617,008)	6,887	(512,641)
(Charged)/credited to profit or loss *(note 8(a))*	–	(3,759)	(2,374)	1,063	(1,138)	(4,088)	9,027	(27,619)	(1,511)	(30,399)
Exchange difference	–	–	–	–	–	–	–	–	1,159	1,159
At 31 December 2017	16,490	47,309	17,073	220,758	46,921	13,442	(265,782)	(644,627)	6,535	(541,881)
At 1 January 2018	**16,490**	**47,309**	**17,073**	**220,758**	**46,921**	**13,442**	**(265,782)**	**(644,627)**	**6,535**	**(541,881)**
(Charged)/credited to profit or loss *(note 8(a))*	**5,465**	**(3,399)**	**(1,156)**	**6,442**	**(1,199)**	**429**	**12,101**	**(27,956)**	**(17,163)**	**(26,436)**
Charged to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(70,352)**	**(70,352)**
Exchange difference	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(274)**	**(274)**
At 31 December 2018	**21,955**	**43,910**	**15,917**	**227,200**	**45,722**	**13,871**	**(253,681)**	**(672,583)**	**(81,254)**	**(638,943)**

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: (Continued)

Reconciliation to the consolidated statement of financial position:

	2018 **RMB'000**	2017 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	**369,046**	376,513
Net deferred tax liability recognised in the consolidated statement of financial position	**(1,007,989)**	(918,394)
	(638,943)	(541,881)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(u), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB2,956,664,000 as at 31 December 2018 (31 December 2017: RMB2,326,088,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. For the unused tax losses as at 31 December 2018, RMB198,648,000, RMB419,397,000, RMB582,752,000, RMB738,717,000 and RMB1,017,150,000, if unused, will expire at the end of year 2019, 2020, 2021, 2022 and 2023 respectively.

29. DEFERRED INCOME

	RMB'000
At 1 January 2017	505,990
Additions	90,457
Credited to profit or loss	(63,540)
At 31 December 2017	532,907
Less: current portion of deferred income	(50,111)
	482,796
At 1 January 2018	**532,907**
Additions	**33,633**
Credited to profit or loss	**(54,997)**
At 31 December 2018	**511,543**
Less: current portion of deferred income	**(49,555)**
	461,988

30. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of the Company's equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of the Company's equity (Continued)

	Share capital *RMB'000*	Capital reserve *RMB'000*	Reserve fund *RMB'000*	Fair value reserve *RMB'000*	Retained earnings *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2017	8,407,962	2,367,423	630,553	–	3,241,104	1,994,000	16,641,042
Changes in equity for 2017:							
Profit and other comprehensive income for the year	–	–	–	–	1,946,781	130,900	2,077,681
Issuance of renewable corporate bonds, net of issuing expenses *(note 32)*	–	–	–	–	–	1,994,340	1,994,340
Final dividend of 2016 *(note 30(b))*	–	–	–	–	(428,806)	–	(428,806)
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 31, 32)*	–	–	–	–	–	(130,900)	(130,900)
Transfer to reserve fund	–	–	186,640	–	(186,640)	–	–
Balance at 31 December 2017	8,407,962	2,367,423	817,193	–	4,572,439	3,988,340	20,153,357
Effect of adoption of IFRS 9	–	–	–	182,938	–	–	182,938
Balance at 1 January 2018 (restated)	**8,407,962**	**2,367,423**	**817,193**	**182,938**	**4,572,439**	**3,988,340**	**20,336,295**
Changes in equity for 2018:							
Profit and other comprehensive income for the year	**-**	**-**	**-**	**(52,967)**	**1,405,632**	**275,231**	**1,627,896**
Issuance of perpetual medium-term notes and renewable corporate bonds, net of issuing expenses *(notes 31, 32)*	**-**	**-**	**-**	**-**	**-**	**4,981,502**	**4,981,502**
Final dividend of 2017 *(note 30(b))*	**-**	**-**	**-**	**-**	**(467,483)**	**-**	**(467,483)**
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 31, 32)*	**-**	**-**	**-**	**-**	**-**	**(275,231)**	**(275,231)**
Transfer to reserve fund	**-**	**-**	**181,123**	**-**	**(181,123)**	**-**	**-**
Others	**-**	**-**	**-**	**-**	**(3,239)**	**-**	**(3,239)**
Balance at 31 December 2018	**8,407,962**	**2,367,423**	**998,316**	**129,971**	**5,326,226**	**8,969,842**	**26,199,740**

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

(i) Dividends payable to equity shareholders attributable to the year

	2018 **RMB'000**	2017 *RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.0568 per share (2017: RMB0.0556 per share)	**477,572**	467,483

The Board resolved on 22 March 2019 that RMB0.0568 per share is to be distributed to the shareholders for 2018, subject to approval of the shareholders at the coming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, declared during the year

	2018 **RMB'000**	2017 *RMB'000*
Final dividend in respect of the previous financial year, approved during the year of RMB0.0556 per share (2017: RMB0.0510 per share)	**467,483**	428,806

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

	2018 ***RMB'000***	2017 *RMB'000*
Ordinary shares, issued and fully paid		
5,837,738,400 domestic state-owned ordinary shares of RMB1.00 each	**5,837,738**	5,837,738
2,570,223,120 (2017: 2,570,223,120) H shares of RMB1.00 each	**2,570,224**	2,570,224
	8,407,962	8,407,962

In June and July 2012, the Company issued an aggregate of 1,622,616,000 H shares after exercise of overallotment option with a nominal value of RMB1.00 each, at a price of HK$1.65 per H share by way of an initial public offering (the "IPO") to Hong Kong and overseas investors. In connection with the IPO, 162,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, China Power Engineering Consulting Group Technology Development Co., Ltd. ("CPECG"), Kunlun Trust Co., Ltd. ("Kunlun Trust"), Guizhou Wujiang Hydropower Development Co., Ltd. ("Wujiang Hydropower"), China Huadian Engineering Co., Ltd. ("Huadian Engineering"), Industrial Innovation Capital Management Co., Ltd. ("Xingzheng Capital") and Fujian Datong Chuangye Capital Co., Ltd. ("Datong Capital") were converted into H shares on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC (the "NSSF").

On 5 February 2014, the Company issued 356,975,520 H shares with a par value of RMB1.00, at the placing price of HK$3.30 per H share. The net proceeds from the placing after deduction of issuing expenses amounted to approximately HK$1,155,617,000 (equivalent to RMB908,605,000).

On 3 December 2014, the Company issued 428,370,000 H shares with a par value of RMB1.00, at the placing price of HK$4.01 per H share. The net proceeds from the placing after deduction of issuing expenses amounted to approximately HK$1,687,703,000 (equivalent to RMB1,335,732,000).

After the issuances of shares upon placing, 8,407,962,000 ordinary shares, with a par value of RMB1.00 each, were in issue.

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

There are no movements in the Company's share capital during the year (2017: nil).

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the Company's IPO in 2012 and the placing of new H shares in 2014.

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by the equity shareholders before the IPO in 2012.

(ii) Reserve fund

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations that have a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(x).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income (2017: available-for-sale securities) held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(m)(i) (2017: notes 2(m)(i) and 2(o)(ii)).

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Distributability of reserves

At 31 December 2018, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB5,326,226,000 (31 December 2017: RMB4,572,439,000). After the end of the reporting period, the directors proposed a final dividend of RMB5.68 cents per ordinary share (2017: RMB5.56 cents) amounting to RMB477,572,000 (2017: RMB467,483,000) (note 30(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratio of the Group as at 31 December 2018 was 69% (31 December 2017: 75%).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements.

31. PERPETUAL MEDIUM-TERM NOTES

	Principal amount	Carrying amount 2018	Carrying amount 2017
	RMB'000	RMB'000	RMB'000
First tranche of 2015 perpetual medium-term notes	2,000,000	**1,994,000**	1,994,000
First tranche of 2018 perpetual medium-term notes	1,000,000	**995,755**	–
Second tranche of 2018 perpetual medium-term notes	1,000,000	**995,755**	–
Third tranche of 2018 perpetual medium-term notes	1,000,000	**995,755**	–
Proceeds from issuance		**4,981,265**	1,994,000
Add: Profit attributable to the holders of perpetual medium-term notes		**130,236**	115,000
Less: Distribution		**(130,236)**	(115,000)
Equity attributable to the holders of perpetual medium-term notes		**4,981,265**	1,994,000

On 21 April 2015, the Company issued the first tranche of 2015 perpetual medium-term notes with total amount of RMB2,000,000,000 ("2015 Perpetual Medium-term Notes").

The 2015 Perpetual Medium-term Notes were issued at par value with initial distribution rate of 5.75% and were recorded as equity in the Group's financial statements, after netting off related issuance costs of approximately RMB6,000,000.

Interests of the 2015 Perpetual Medium-term Notes are recorded as distributions, which is paid annually in arrears on 23 April in each year ("Distribution Payment Date of 2015 Perpetual Medium-term Notes") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred.

31. PERPETUAL MEDIUM-TERM NOTES (CONTINUED)

The 2015 Perpetual Medium-term Notes have no fixed maturity date and are callable at the Company's option in whole on 23 April 2020 ("First Call Date of 2015 Perpetual Medium-term Notes") or any Distribution Payment Date of 2015 Perpetual Medium-term Notes falling after the First Call Date of 2015 Perpetual Medium-term Notes at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Call Date of 2015 Perpetual Medium-term Notes and every five years after the First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the year ended 31 December 2018, the profit attributable and distribution to holders of 2015 Perpetual Medium-term Notes, based on the applicable distribution rate, was RMB115,000,000 (2017: RMB115,000,000) and RMB115,000,000 (2017: RMB115,000,000), respectively.

The Company issued 3 tranches of perpetual medium-term notes with a total amount of RMB3,000,000,000 in 2018. Detail information is as follows:

	The first tranche	**The second tranche**	**The third tranche**
Issuance date	1-2 November 2018	22 November 2018	5-6 December 2018
Principal amount *(RMB'000)*	1,000,000	1,000,000	1,000,000
Related issuance costs *(RMB'000)*	4,245	4,245	4,245
Initial distribution rate	4.65%	4.65%	4.64%
2018 Distribution Payment Date	5 November	26 November	7 December
First Call Date	5 November 2021	26 November 2021	7 December 2021

31. PERPETUAL MEDIUM-TERM NOTES (CONTINUED)

The 3 tranches of perpetual medium-term notes were issued at par value and recorded as equity in the Group's financial statements, after netting off related issuance costs. Interest of the 3 tranches of perpetual medium-term notes is recorded as distributions, which is paid annually in arrears on 2018 Distribution Payment Date in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred.

The 3 tranches of perpetual medium-term notes have no fixed maturity date and are callable at the Company's option in whole on the First Call Date of each tranche or any Distribution Payment Date of each tranche falling after the First Call Date of each tranche at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Call Date of each tranche and every three years after the First Call Date of each tranche, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the year ended 31 December 2018, the profit attributable to holders of the 3 tranches of perpetual medium-term notes, based on the applicable distribution rate, was RMB7,362,000, RMB4,650,000 and RMB3,224,000, respectively (2017: nil). The distribution to holders of the 3 tranches of perpetual medium-term notes based on the applicable distribution rate, was RMB7,362,000, RMB4,650,000 and RMB3,224,000, respectively (2017: nil).

32. RENEWABLE CORPORATE BONDS

		Carrying amount	
	Principal amount	**2018**	2017
	RMB'000	***RMB'000***	*RMB'000*
First tranche of renewable corporate bonds 2017	2,000,000	**1,994,340**	1,994,340
First tranche of renewable corporate bonds 2018 (Category one: RMB1,500,000,000; Category two: RMB500,000,000)	2,000,000	**1,994,237**	–
Proceeds from issuance		**3,988,577**	1,994,340
Add: Profit attributable to the holders of renewable corporate bonds		**144,995**	15,900
Less: Distribution		**(144,995)**	(15,900)
Equity attributable to the holders of renewable corporate bonds		**3,988,577**	1,994,340

32. RENEWABLE CORPORATE BONDS (CONTINUED)

On 6 November 2017, the Company issued the first tranche of renewable corporate bonds 2017 with a total amount of RMB2,000,000,000. The renewable corporate bonds are issued at par value with an initial distribution rate of 5.30%. The renewable corporate bonds were recorded as equity in the Group's financial statements, after netting off related issuance costs of approximately RMB5,660,000.

Interest of the renewable corporate bonds is recorded as distributions, which is paid annually in arrears on 6 November in each year (the "Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company, reduction of the registered capital of the Company or external equity investment in equity) have occurred.

The renewable corporate bonds have no fixed maturity date and are callable at the Company's option in whole on 6 November 2020 (the "First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset, on the First Call Date and every three years after the First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the year ended 31 December 2018, the profit attributable to holders of 2017 renewable corporate bonds and distribution to holders of 2017 renewable corporate bonds, based on the applicable distribution rate, was RMB106,000,000 (2017: RMB15,900,000) and RMB106,000,000 (2017: RMB15,900,000), respectively.

32. RENEWABLE CORPORATE BONDS (CONTINUED)

On 7 August 2018, the Company issued the first tranche of renewable corporate bonds 2018 with a total amount of RMB2,000,000,000. The renewable corporate bonds were recorded as equity in the Group's financial statements, after netting off related issuance costs of approximately RMB5,763,000. The renewable corporate bonds are issued in two categories.

Category one is issued with a total amount of 1,500,000,000 at par value with an initial distribution rate of 4.70%. The renewable corporate bonds have no fixed maturity date and are callable at the Company's option in whole on 7 August 2021 (the "Category One First Call Date") or any Distribution Payment Date falling after the Category One First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset, on the Category One First Call Date and every three years after the Category One First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

Category two is issued with a total amount of 500,000,000 at par value with an initial distribution rate of 5.00%. The renewable corporate bonds have no fixed maturity date and are callable at the Company's option in whole on 7 August 2021 (the "Category Two First Call Date") or any Distribution Payment Date falling after the Category Two First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset, on the Category Two First Call Date and every five years after the Category Two First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

Interest of the renewable corporate bonds is recorded as distributions, which is paid annually in arrears on 7 August in each year ("2018 Renewable Corporate Bonds Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company, reduction of the registered capital of the Company or external equity investment in equity) have occurred.

During the year ended 31 December 2018, the profit attributable and distribution to holders of category one renewable corporate bonds, based on the applicable distribution rate, was RMB28,787,000 (2017: nil) and RMB28,787,000 (2017: nil), respectively. During the year ended 31 December 2018, the profit attributable and distribution to holders of category two renewable corporate bonds, based on the applicable distribution rate, was RMB10,208,000 (2017: nil) and RMB10,208,000 (2017: nil), respectively.

33. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The Group enters into securitisation transactions whereby it transfers rights of receipt of electricity tariff (the "Transferred Financial Assets") to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors opportunities to invest in those Transferred Financial Assets and they generally finance the purchase of the Transferred Financial Assets by issuing asset-backed securities to investors.

The Group acquired certain subordinated tranches of those asset-backed securities and accordingly may retain portions or all of the risks and rewards of the Transferred Financial Assets. The Group would determine whether or not to derecognise the Transferred Financial Assets mainly by evaluating the extent to which it retains the risks and rewards of the Transferred Financial Assets.

During the year ended 31 December 2018, the Group transferred rights of receipt of electricity tariff of the Company's several wholly owned subsidiaries in the coming 6 to 12 years to the structured entities, where the Group retained all of the risks and rewards of the Transferred Financial Assets and therefore considers it as a bond secured by pledging of rights of receipt of electricity tariff (note 24).

33. TRANSFERS OF FINANCIAL ASSETS (CONTINUED)

Transferred financial assets that are derecognised in their entirety

(a) At 31 December 2018, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB5,794,000 (2017: nil) and factored certain bills receivable accepted by banks in Mainland China with a carrying amount in aggregate of RMB16,580,000 (2017: 58,663,000) (the "Derecognised Bills"). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2018, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills (2017: nil). No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

(b) The Group enters into securitisation transactions whereby it transfers trade receivables on tariff premium of renewable energy (the "Transferred Financial Assets") to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors with opportunities to invest in those Transferred Financial Assets and they generally finance the purchase of the Transferred Financial Assets by issuing asset-backed securities to investors.

The Group provided liquidity support to the asset-backed securities and accordingly may retain portions or all of the risks and rewards of the Transferred Financial Assets. The Group determined whether or not to derecognise the Transferred Financial Assets mainly by evaluating the extent to which it retains the risks and rewards of the Transferred Financial Assets.

During the year ended 31 December 2018, the Group transferred an aggregate carrying amount of RMB3,552,591,000 (2017: nil) of trade receivables on tariff premium of renewable energy to some unconsolidated structured entities, which qualified for full derecognition. Hence, the Group derecognised those assets.

As a result of the above securitisation transactions, the Group recognised expenses of RMB101,591,000 (2017: nil) from transfers of trade receivables on tariff premium of renewable energy.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 December 2018

	Financial assets at fair value through other comprehensive income *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Trade and bills receivable	4,250,526	1,719,251	5,969,777
Financial assets included in other current assets	–	863,380	863,380
Restricted deposits	–	6,103	6,103
Cash and cash equivalents	–	3,597,841	3,597,841
Financial assets included in other non-current assets	–	14,657	14,657
Equity investments at fair value through other comprehensive income included in other non-current assets	1,087,775	–	1,087,775
	5,338,301	6,201,232	11,539,533

Financial liabilities

At 31 December 2018

	Financial liabilities at amortised cost *RMB'000*
Borrowings – current	10,868,084
Obligations under finance leases – current	25,810
Trade and bills payable	1,103,681
Financial liabilities in other payables and accruals	6,919,223
Borrowings – non-current	54,096,269
Obligations under finance leases – non-current	290,659
	73,303,726

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial assets

At 31 December 2017

	Available-for-sale financial assets *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Trade and bills receivable	–	6,991,918	6,991,918
Financial assets included in other current assets	–	615,875	615,875
Restricted deposits	–	5,367	5,367
Cash and cash equivalents	–	2,121,903	2,121,903
Financial assets included in other non-current assets	–	46,741	46,741
Available-for-sale financial assets included in other non-current assets	880,176	–	880,176
	880,176	9,781,804	10,661,980

Financial liabilities

At 31 December 2017

	Financial liabilities at amortised cost *RMB'000*
Borrowings – current	15,382,347
Obligations under finance leases – current	25,530
Trade and bills payable	1,081,089
Financial liabilities in other payables and accruals	8,473,816
Borrowings – non-current	53,779,291
Obligations under finance leases – non-current	225,897
	78,967,970

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit risk, liquidity risk, interest rate risk, currency risk and equity price risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted deposits, trade and bills receivable, and financial assets included in prepayments and other current assets.

Substantially all of the Group's cash and cash equivalents as at 31 December 2018 and 2017 are deposited in the state-owned/controlled PRC banks, which the directors assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 96% of total trade and bills receivable as at 31 December 2018 (31 December 2017: 95%). For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018.

	12-month ECLs		Lifetime ECLs		
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	5,680,663	5,680,663
Bills receivable					
– Not yet past due	302,343	–	–	–	302,343
Financial assets included in prepayments and other current assets					
– Normal**	863,380	–	–	–	863,380
– Doubtful**	–	–	156,712	–	156,712
Restricted deposits					
– Not yet past due	6,103	–	–	–	6,103
Cash and cash equivalents					
– Not yet past due	3,597,841	–	–	–	3,597,841
Financial assets included in other non-current assets					
– Normal**	14,657	–	–	–	14,657
	4,784,324	–	156,712	5,680,663	10,621,699

* For trade receivables included in trade and bills receivable, to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments and other current assets and financial assets included in other non–current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Maximum exposure as at 31 December 2017

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

The Group has provided financial guarantees to related parties. Except for the financial guarantees extended by the Group as set out in note 37(a), the Group did not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 37(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivable, and prepayments and other current assets are set out in notes 20 and 21.

(b) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2018, the Group had unutilised banking facilities of RMB21,111,364,000 (2017: RMB23,734,998,000). The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the future working capital and expenditure requirements of the Group.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2018					
	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1–2 years *RMB'000*	2–5 years *RMB'000*	More than 5 years *RMB'000*
Long-term borrowings *(note 24(a))*	**59,424,528**	**69,324,899**	**7,856,902**	**11,300,392**	**27,598,265**	**22,569,340**
Short-term borrowings *(note 24(b))*	**5,539,825**	**5,631,004**	**5,631,004**	**–**	**–**	**–**
Obligations under finance leases *(note 25)*	**316,469**	**375,829**	**40,184**	**61,200**	**174,530**	**99,915**
Trade and bills payable *(note 26)*	**1,103,681**	**1,103,681**	**1,103,681**	**–**	**–**	**–**
Other payables and accruals	**6,919,223**	**6,919,223**	**6,919,223**	**–**	**–**	**–**
	73,303,726	**83,354,636**	**21,550,994**	**11,361,592**	**27,772,795**	**22,669,255**

	2017					
	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1–2 years *RMB'000*	2–5 years *RMB'000*	More than 5 years *RMB'000*
Long-term borrowings *(note 24(a))*	59,886,060	72,818,687	8,939,628	9,058,850	27,720,784	27,099,425
Short-term borrowings *(note 24(b))*	9,275,578	9,447,016	9,447,016	–	–	–
Obligations under finance leases *(note 25)*	251,427	308,976	36,666	35,748	101,754	134,808
Trade and bills payable *(note 26)*	1,081,089	1,081,089	1,081,089	–	–	–
Other payables and accruals *(note 27)*	8,714,858	8,714,858	8,714,858	–	–	–
	79,209,012	92,370,626	28,219,257	9,094,598	27,822,538	27,234,233

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings issued at variable rates which expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2018 and 2017, however, the management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest risk.

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The interest rate and maturity information of the Group's borrowings are disclosed in note 24.

	2018 **RMB'000**	2017 RMB'000
Fixed rate borrowings:		
Borrowings *(note 24)*	**20,667,355**	14,548,346
Obligations under finance leases *(note 25)*	**170,641**	90,231
	20,837,996	14,638,577
Variable rate borrowings:		
Borrowings *(note 24)*	**44,296,998**	54,613,292
Obligations under finance leases *(note 25)*	**145,828**	161,196
Less: Deposits with banks and a fellow subsidiary (including restricted deposits)	**(3,603,856)**	(2,127,026)
	40,838,970	52,647,462
Total net borrowings	**61,676,966**	67,286,039

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (Continued)

At 31 December 2018, it is estimated that a general increase/decrease of 100 basis points in interest rates with all other variables held constant, would have decreased/increased the Group's profit after tax and the total equity by approximately RMB365,141,000 (2017: RMB363,267,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of the reporting period.

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The sensitivity analysis is performed on the same basis for the years of 2018 and 2017.

(d) Currency risk

The Group is exposed to currency risk primarily through the business which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily Euros, United States dollars and Hong Kong dollars.

(i) Recognised assets and liabilities

Except for the operation in Spain, all of the other revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in United States dollars ("US$") and Euros. The directors considered that the Group's exposure to foreign currency risk is insignificant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its shareholders.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than RMB to which they relate. For presentation purpose, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of the reporting period.

	2018			2017		
	US$ *RMB'000*	EUR *RMB'000*	HK$ *RMB'000*	US$ *RMB'000*	EUR *RMB'000*	HK$ *RMB'000*
Cash and cash equivalents	–	136,482	41,615	6	103,516	41,135
Other payables	–	(1,635)	(223)	–	–	–
Long-term borrowings	(127,656)	–	–	(139,235)	–	–
Short-term borrowings	–	(282,503)	(341,718)	–	(280,883)	(326,005)
Net exposure	(127,656)	(147,656)	(300,326)	(139,229)	(177,367)	(284,870)

The followings are US$, EUR and HK$ exchange rates to RMB during the years ended 31 December 2018 and 2017:

	Average rate		Reporting date spot rate	
	2018	2017	2018	2017
US$	6.6987	6.7573	6.8632	6.5342
EUR	7.8248	7.6308	7.8473	7.8023
HK$	0.8561	0.8673	0.8762	0.8359

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

(ii) Exposure to currency risk (Continued)

A 5% strengthening of RMB against the following currencies as at 31 December 2018 and 2017 would have (decreased)/increased the Group's profit after tax and the total equity by the amounts shown below.

	2018 ***RMB'000***	2017 *RMB'000*
US$	**4,787**	5,221
EUR	**5,484**	6,651
HK$	**11,315**	10,683
	21,586	22,555

A 5% weakening of RMB against the above currencies as at 31 December 2018 and 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The above changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for the years of 2018 and 2017.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as equity investments at fair value through other comprehensive income (note 18). The Group's listed investment is listed on the HKSE. Listed investment has been chosen based on its longer term growth potential and is monitored regularly for performance against expectations.

Unlisted investments are held for long-term purposes. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's exposure to equity price risk is insignificant.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

At 31 December 2018 and 2017, the financial instruments of the Group carried at fair value were certain trade and bills receivable, and equity investments included in other non-current assets. The fair value hierarchies of financial instruments described above are as follows:

		Fair value measurements as at 31 December 2018 categorised into		
	Carrying amount 31 December 2018 *RMB'000*	Quoted prices in active markets for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Trade and bills receivable	4,250,526	–	4,250,526	–
Equity investment in a Hong Kong listed company, at fair value	211,414	211,414	–	–
Unquoted equity investments in non-listed companies, at fair value	876,361	–	–	876,361

		Fair value measurements as at 31 December 2017 categorised into		
	Carrying amount 31 December 2017 *RMB'000*	Quoted prices in active markets for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities:				
– Listed	285,221	285,221	–	–

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income, which were previously classified as available-for-sale equity investments, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, enterprise value to earnings before interest and taxes ("EV/EBIT"), price to earnings ("P/E") multiple and price to book ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group entered into securitisation transactions whereby it transferred trade receivables on tariff premium of renewable energy (the "Transferred Financial Assets") to unrelated third parties and derecognised the Transferred Financial Assets (note 33(b)). The Group endorsed and factored significant part of its bills receivable in its normal course of business. The Group managed its trade and bills receivable which generated cash flows resulting from both collecting contractual cash flows and selling the financial assets during the current year. Therefore, the Group measures trade and bills receivable at fair value through other comprehensive income. The fair values of trade and bills receivable were measured using the discounted cash flows model. The model incorporates various market observable inputs including the annualised yields of similar securitisation products and interest rate curves. The carrying amounts of trade and bills receivables are the same as their fair values.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2018:

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average EV/EBITDA multiple Average EV/EBIT Average P/B Average P/E	4.5 to 12.4 14.0 1.1 to 1.4 7.9	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB99,486,000
		Discount for lack of marketability	25% to 30%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB31,795,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2018 and 2017 except for the following:

	2018		2017	
	Carrying amount ***RMB'000***	**Fair value** ***RMB'000***	Carrying amount *RMB'000*	Fair value *RMB'000*
Other borrowings	**6,826,691**	**6,581,226**	5,987,161	5,659,881
Fixed rate long-term loans	**12,890,705**	**12,845,852**	4,473,642	4,193,187
Total	**19,717,396**	**19,427,078**	10,460,803	9,853,068

As at 31 December 2017, the investments in unquoted equity securities (note 18) were measured at cost which fair value cannot be measured reliably as these investments in non-listed companies did not have a quoted market price in an active market. The Group has no intention to dispose of these investments.

36. CAPITAL COMMITMENTS

(a) Capital commitments outstanding at the year end not provided for in the financial report were as follows:

	2018	2017
	RMB'000	*RMB'000*
Contracted for	**10,817,674**	7,638,223

(b) At 31 December 2018 and 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**58,161**	55,015
After 1 year but within 5 years	**188,568**	183,035
More than 5 years	**196,750**	179,737
	443,479	417,787

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals.

37. CONTINGENCIES

(a) Financial guarantees issued

The Group issued the following financial guarantees to banks in respect of the bank loans granted to an associate:

	2018	2017
	RMB'000	*RMB'000*
Financial guarantees to banks for:		
– An associate	**40,000**	14,476

As at 31 December 2018, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

(b) Contingent liability in respect of taxes on CDM revenue

Up to date, there have been no rules issued on whether the revenue from sales of CERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs. Therefore, the Group has not made any provision on such contingencies.

(c) Contingent liability in respect of the resettlement compensation for Mianhuatan Hydropower

As set out in note 27(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuatan Hydropower prepaid an aggregate amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

Huadian has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to the Mianhuatan Project if the additional compensation the NDRC requires the Group to pay is to exceed RMB40 million.

38. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Huadian and has significant transactions and relationships with the subsidiaries of Huadian.

The principal related party transactions which were carried out in the ordinary course of business are as follows, except those which have been set out otherwise:

	2018 *RMB'000*	2017 *RMB'000*
Purchase of power generation rights from		
Fellow subsidiaries	**73,146**	–
Purchase of coal shipping service from		
Fellow subsidiaries	**127,831**	44,775
Purchase of construction service, operation maintenance and construction materials from		
Fellow subsidiaries	**1,572,780**	1,443,266
An associate	**–**	98,903
Office rental and property management services provided by		
Fellow subsidiaries	**29,434**	26,149
Sale of goods and providing service to		
Fellow subsidiaries	**2,024**	858
Associates	**122,746**	114,769
Purchases of coal from		
Fellow subsidiaries	**2,415,912**	2,743,572
Release of loan guarantees issued for		
An associate	**25,524**	5,232
Loans (repaid to)/received from		
Fellow subsidiaries	**(1,375,189)**	969,478
Huadian	**–**	(1,000,000)

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

	2018	2017
	RMB'000	*RMB'000*
Net deposit change in		
Huadian Finance	**218,614**	(578,561)
Interest expenses paid to		
Fellow subsidiaries	**105,451**	89,372
Huadian	**121,669**	121,686
Interest income received from		
Huadian Finance	**14,588**	21,356
Associates	**1,636**	3,950
Acquisition of business from		
Fellow subsidiaries *(note 40)*	**–**	198,173

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 18, 20, 21, 23, 24, 26 and 27.

(c) Transactions with other government-related entities in the PRC

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "government-related entities").

Apart from the transactions mentioned above, the Group conducts a majority of its business activities with government-related entities in the ordinary course of business. These transactions are carried out on terms similar to those that would be entered into with non-government-related entities. Transactions with other government-related entities included, but are not limited to the following:

- Sales of electricity;
- Depositing and borrowing money;
- Purchase of materials and receiving construction work services;
- Service concession arrangements.

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with other government-related entities in the PRC (Continued)

The tariff of electricity is regulated by the relevant government authorities. The Group prices its other services and products based on commercial negotiations. The Group has also established its approval processes for sales of electricity, purchase of products and services and its financing policy for borrowings. Such approval processes and financing policy do not depend on whether the counterparties are government- related entities or not.

For the year ended 31 December 2018, revenue from the sales of electricity made to the provincial power grid companies which are government-related entities accounted for 99% of total revenue from the sales of electricity (2017: 90%). As at 31 December 2018, the trade and bills receivable due from these power grid companies accounted for 96% of total trade and bills receivable (31 December 2017: 95%).

The Company and its subsidiaries maintained substantially all of the bank deposits in government-related financial institutions while lenders of substantially all of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

Other collectively significant transactions with government-related entities also included a large portion of equipment and material purchases, and property, plant and equipment construction services received, and the service concession arrangements.

(d) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2018 ***RMB'000***	2017 *RMB'000*
Salaries and other emoluments	**2,771**	2,341
Discretionary bonus	**4,492**	3,573
Retirement scheme contributions	**1,080**	487
	8,343	6,401

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by Huadian for its staff. As at 31 December 2018 and 31 December 2017, there was no material outstanding contribution to post-employment benefit plans.

(f) Commitments with related parties

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Capital commitment	**1,160,314**	1,175,855
Commitment for office rental and property management fee	**194,966**	56,859

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions with Huadian and its subsidiaries in respect of the sales and purchase of goods, providing and receiving services, and borrowing of loans, as disclosed in note 38(a), constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section "Connected transactions" of the Director's Report of the Group for the year ended 31 December 2018.

39. RETIREMENT PLANS

The Company is required to make contributions to retirement plans operated by the government at the range from 14% to 22% of the total staff salaries (2017: 14% to 22%). A member of the plan is entitled to receive from the government a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group and its staff participate in a retirement plan managed by Huadian to supplement the above mentioned plan. The Company has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

40. BUSINESS COMBINATION UNDER COMMON CONTROL

On 31 December 2017, Shanxi Ruicheng Huadian Fuxin Solar Power Company Limited, the Company's subsidiary, acquired Yanhu wind power branch ("Yanhu Wind Power") of Huadian Shanxi Energy Company Limited ("Shanxi Energy") from Shanxi Energy, a subsidiary of Huadian, at a cash consideration of RMB198,173,000.

As the Group and Yanhu Wind Power are under common control of Huadian, the acquisitions are determined as business combinations under common control. Assets and liabilities of Yanhu Wind Power is recognised at the carrying amounts previously recognised in Huadian's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the combinations had occurred at the beginning of the periods presented.

The consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	At the acquisition date Yanhu Wind Power *RMB'000*
Consideration:	
Cash paid in 2017	172,800
Consideration to be paid	25,373
Total	198,173

Recognised amounts of assets acquired and liabilities assumed:

	At the acquisition date Yanhu Wind Power *RMB'000*
Property, plant and equipment	306,368
Lease prepayments	2,612
Intangible assets	158
Other non-current assets	1,947
Trade debtors and bills receivable	124,965
Prepayments and other current assets	6,860
Cash and cash equivalents	6,775
Borrowings – non-current liabilities	(14,305)
Trade creditors and bills payable	(571)
Other payables	(154,938)
Borrowings – current liabilities	(173,685)
Total identifiable net assets	106,186

41. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Non-current assets		
Property, plant and equipment	**2,477,193**	2,462,696
Lease prepayments	**93,184**	93,709
Intangible assets	**13,320**	14,959
Investments in subsidiaries	**21,606,870**	20,198,421
Interests in associates and joint ventures	**7,607,470**	6,964,440
Other non-current assets	**4,796,150**	3,350,208
Total non-current assets	**36,594,187**	33,084,433
Current assets		
Inventories	**211**	309
Trade and bills receivable	**59,322**	19,611
Prepayments and other current assets	**2,607,076**	1,705,942
Restricted deposits	**3,870**	3,861
Cash and cash equivalents	**742,577**	87,192
Total current assets	**3,413,056**	1,816,915
Current liabilities		
Borrowings	**2,399,972**	6,518,612
Trade and bills payable	**37,657**	6,413
Other payables and accruals	**4,220,150**	1,665,453
Deferred income	**290**	–
Total current liabilities	**6,658,069**	8,190,478
Net current liabilities	**(3,245,013)**	(6,373,563)
Total assets less current liabilities	**33,349,174**	26,710,870

41. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Non-current liabilities		
Borrowings	**7,106,110**	6,557,513
Deferred tax liabilities	**43,324**	–
Total non-current liabilities	**7,149,434**	6,557,513
NET ASSETS	**26,199,740**	20,153,357
Equity		
Share capital	**8,407,962**	8,407,962
Reserves	**8,821,936**	7,757,055
Perpetual medium-term notes and renewable corporate bonds	**8,969,842**	3,988,340
TOTAL EQUITY	**26,199,740**	20,153,357

42. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

42. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

(a) Provision for expected credit losses on trade and bills receivable and prepayments and other current assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments and other current assets. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments and other current assets is disclosed in notes 20 and 21 to the financial statements.

(b) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, lease prepayments and intangible assets, the recoverable amount of the cash-generating units ("CGUs") to which the non-current assets were allocated needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is generally determined as the present value of the estimated future cash flows of those expected to arise from the continued use of the asset in its present form and its eventual disposal. Assessing potential impairment of the CGUs through estimations of their recoverable amounts based on value in use involved estimation of the discounted future cash flows which required significant management judgement and estimates such as future electricity sales volumes, future on-grid tariffs, future operating costs and the discount rates. This policy requires management to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired and the impairment would be charged against profit or loss.

42. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

(c) Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 35 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2018 was RMB876,361,000 (2017: the unlisted equity investments of the Group were measured at cost of RMB594,954,000 as at 31 December 2017).

(d) Application of the equity method due to significant influence over an investee in which the Group holds 10% of equity interest

The Group considers that it has significant influence over Sanmen Nuclear Power Corporation Limited ("Sanmen Power") even though it owns 10% of equity interest in it. Since the single largest shareholder of Sanmen Power who holds 56% of shares cannot control Sanmen Power, given the fact that the resolutions of the investee's financial and operating decisions require over two-thirds of votes in the shareholders' meetings. Besides, pursuant to the articles of association of Sanmen Power, the Group has the right to participate in the policy-making process and assign a director representative on the board of directors of Sanmen Power. The Group actively monitors the operations of Sanmen Power, through the director in the supervisory committee of Sanmen Power.

(e) Derecognition of financial assets

During the year, the Group has transferred the contractual rights to the cash flows from the trade receivables on tariff premium of renewable energy to unrelated third parties through asset-back securitization transactions. In determining whether the related trade receivables should be derecognised, the Group needs to evaluate whether the rights to the cash flows from the assets have expired, whether the Group transferred the rights to receive the cash flows from the assets, whether the Group assumed an obligation to pay the cash flows from the assets that meets certain conditions, whether the Group transferred substantially all risks and rewards, whether the Group retained substantially all risks and rewards and retained control of the financial assets and other factors. The details of the securitization transactions are disclosed in Note 33.

43. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2018, the directors consider the immediate parent and ultimate controlling party of the Group to be Huadian, which is a state-owned enterprise established in the PRC. Huadian does not produce financial statements available for public use.

(Amounts expressed in RMB unless otherwise stated)

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Of those standards, IFRS 16 will be applicable for the Group's financial year ending 31 December 2019 and are expected to have some impact upon adoption. Whilst management has performed a detailed assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group, including expectations of the application of transitional provision options and policy choices. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB301,192,000 and lease liabilities of RMB301,192,000 will be recognised at 1 January 2019.

45. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 22 March 2019, the Board of the Company proposed a final dividend. Further details are disclosed in note 30(b).

46. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 22 March 2019.

Definition and Glossary of Technical Terms

"Articles of Association"	the articles of association of the Company
"attributable consolidated installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"average utilization time"	the gross generation in specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"Board"	the board of Directors of the Company
"Board of Supervisors"	the board of Supervisors of the Company
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"Company", "we" or "us"	Huadian Fuxin Energy Corporation Limited
"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects
"Corporate Governance Code and Report"	the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Directors"	the director(s) of the Company
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period which equals gross power generation less consolidated auxiliary electricity
"Fuqing Nuclear"	Fujian Fuqing Nuclear Power Company Limited
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period
"Group"	Huadian Fuxin Energy Corporation Limited and its subsidiaries
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

“Huadian”	China Huadian Corporation (renamed to China Huadian Corporation Ltd. as of the date of this annual report)
"Huadian Anhui"	Anhui Huadian Liu’an Power Co., Ltd. (安徽華電六安發電有限公司), a subsidiary of Huadian
"Huadian Changji"	Xinjiang Huadian Changji Thermal Power Phase II Co., Ltd. (新疆華電昌吉熱電二期有限責任公司), a subsidiary of Huadian
“Huadian Engineering”	China Huadian Engineering Co., Ltd. (中國華電科工集團有限公司), a subsidiary of Huadian
“Huadian Finance”	China Huadian Finance Co., Ltd. (中國華電集團財務有限公司), a subsidiary of Huadian
“Huadian Group”	Huadian and its subsidiaries (excluding the Company and its subsidiaries)
"Huadian Inner Mongolia"	Huadian Inner Mongolia Energy Company Limited Tumed Power Generation Branch (華電內蒙古能源有限公司土默特發電分公司), a branch company of Huadian Inner Mongolia Energy Co., Ltd. (a wholly-owned subsidiary of Huadian)
"Huadian Jiangsu"	Huadian Jiangsu Energy Co., Ltd. (華電江蘇能源有限公司), a subsidiary of Huadian
"Huadian Kashgar"	Xinjiang Huadian Kashgar Thermal Power Co., Ltd. (新疆華電喀什熱電有限責任公司), a subsidiary of Huadian
“kW”	kilowatt, a unit of power. 1 kW = 1,000 watts
“kWh”	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“MW”	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
“MWh”	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh

"NDRC"	National Development and Reform Commission of the People's Republic of China
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
"Party"	the Communist Party of China
"PRC" or "China"	the People's Republic of China
"Reporting Period"	the period from the 1 January 2018 to 31 December 2018
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Supervisors"	the supervisor(s) of the Company
"Thirteenth Five-Year Plan"	"Thirteenth Five-Year Plan" with the full name being the Outline of the Thirteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China, and the term of the "Thirteenth Five-Year Plan" starts in 2016 and ends in 2020

Corporate Information

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

REGISTERED OFFICE

20/F, Qiantian Mansion
No. 231 Hudong Road
Gulou District
Fuzhou City
Fujian Province, the PRC

HEAD OFFICE IN THE PRC

919, Building B
Huadian Plaza
No. 2 Xuanwumennei Road
Xicheng District
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

MEMBERS OF THE BOARD

Executive Directors

Mr. Huang Shaoxiong *(Chairman of the Board)*
Mr. Wu Jianchun
Mr. Li Lixin

Non-executive Directors

Mr. Tao Yunpeng
Mr. Shi Chongguang
Mr. Mei Weiyi

Independent non-executive Directors

Mr. Zhang Bai
Mr. Tao Zhigang
Mr. Wu Yiqiang

COMMITTEES OF THE BOARD

Audit and Risk Management Committee

Mr. Zhang Bai *(Independent Non-executive Director) (Chairman)*
Mr. Tao Zhigang *(Independent Non-executive Director)*
Mr. Shi Chongguang *(Non-executive Director)*

Nomination Committee

Mr. Huang Shaoxiong *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Tao Zhigang *(Independent Non-executive Director)*
Mr. Wu Yiqiang *(Independent Non-executive Director)*

Remuneration and Assessment Committee

Mr. Wu Yiqiang *(Independent Non-executive Director) (Chairman)*
Mr. Zhang Bai *(Independent Non-executive Director)*
Mr. Li Lixin *(Executive Director)*

Strategic Committee

Mr. Huang Shaoxiong *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Wu Yiqiang *(Independent Non-executive Director)*
Mr. Wu Jianchun *(Executive Director)*

SUPERVISORS

Mr. Li Changxu (Chairman of the Board of Supervisors)
Mr. Wang Kun
Ms. Hu Xiaohong
Mr. Xu Lei
Mr. Chen Wenxin
Mr. Zhu Deyuan
Mr. Lai Jiaxing
Ms. Ding Ruiling
Mr. Guo Xiaoping

COMPANY SECRETARY

Mr. LEE Kwok Fai Kenneth

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. HUANG Shaoxiong

AUTHORIZED REPRESENTATIVES

Mr. HUANG Shaoxiong
Mr. LEE Kwok Fai Kenneth

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong

LEGAL ADVISORS

As to Hong Kong law

Herbert Smith Freehills
23rd Floor, Gloucester Tower
15 Queen's Road Central
Central, Hong Kong

As to PRC law

Beijing Jin Rui Law Offices
Room 45-(10)02, Floor 10
No. 45 Guangqumennei Avenue
Dongcheng District
Beijing, the PRC

PRINCIPAL BANKS

China Development Bank Corporation (Headquarters)
No. 29 Fuchengmenwai Avenue, Xicheng District
Beijing, the PRC

Agricultural Bank of China Limited (Headquarters)
No. 28 Fuxingmennei Avenue, Xicheng District
Beijing, the PRC

China Construction Bank Corporation (Fuzhou Chengbei Branch)
No. 18 Guping Road
Gulou District, Fuzhou
Fujian Province, the PRC

China Merchants Bank Corporation Limited (Beijing Branch)
Building A, No. 156 Fuxingmennei Avenue, Xicheng District
Beijing, the PRC

Industrial Bank Co., Ltd. (Beijing Branch)
No. 20 Chaoyangmen North Street, Chaoyang District
Beijing, the PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

COMPANY'S WEBSITE

www.hdfx.com.cn

STOCK CODE

00816