



華電國際電力股份有限公司  
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED\*

Stock Code: 1071



# Interim Report 2019

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\* For identification purposes only

The board of directors (the “**Board**”) of Huadian Power International Corporation Limited\* (the “**Company**”) hereby announces the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”) prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”. The Group’s interim financial report for the Period is unaudited, but has been reviewed by BDO Limited, the overseas auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report addressed by the BDO Limited to the Board is set out on page 26. The audit committee of the Company has also reviewed the 2019 interim report and the relevant financial information of the Group.

## BUSINESS REVIEW

During the Period, the turnover of the Group amounted to approximately RMB43,263 million, representing an increase of approximately 4.90% over the corresponding period in 2018; the profit attributable to equity holders of the Company for the Period amounted to approximately RMB1,638 million; the profit attributable to equity shareholders of the Company for the Period amounted to approximately RMB1,417 million; the basic earnings per share was approximately RMB0.144.

## INTERIM DIVIDEND

The Board did not recommend declaring any interim dividends for the Period.

## MAJOR ASSETS

The Group is one of the largest comprehensive energy companies in the People’s Republic of China (“**China**” or the “**PRC**”), primarily engaged in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects. The Group’s power generating assets are located in 14 provinces, autonomous regions and municipalities across the PRC at the prime location, mainly in the electricity and heat load centres or regions with abundant coal resources. As at the date of this report, the Group had a total of 60 controlled power plants which have commenced operations involving a total of 53,542.5 MW controlled installed capacity, with a total of 40,885 MW attributable to coal-fired generating units, 6,411.1 MW attributable to gas-fired generating units and 6,246.4 MW attributable to renewable energy generating units such as hydropower, wind power and solar power generating units.

## MAJOR ASSETS (CONTINUED)

Details of the Group's major power generating assets which have commenced operations as at the date of this report are as follows:

### (1) Details of controlled coal- or gas-fired generating units are as follows:

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
1	Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
2	Shiliquan Plant	2,120	100%	2 x 660 MW + 2 x 330 MW + 1 x 140 MW
3	Laicheng Plant	1,200	100%	4 x 300 MW
4	Shuozhou Thermal Power Branch	700	100%	2 x 350 MW
5	Fengjie Plant	1,200	100%	2 x 600 MW
6	Shenzhen Company	365	100%	1 x 120 MW + 2 x 82 MW + 1 x 81 MW
7	Huadian Zouxian Power Generation Company Limited ("Zouxian Company")	2,000	69%	2 x 1,000 MW
8	Huadian Laizhou Power Generation Company Limited ("Laizhou Company")	2,001.1	75%	2 x 1,000 MW + 1.1 MW
9	Huadian Weifang Power Generation Company Limited ("Weifang Company")	2,002.4	45%	2 x 670 MW + 2 x 330 MW + 2.4 MW

## MAJOR ASSETS (CONTINUED)

(1) Details of controlled coal- or gas-fired generating units are as follows: (continued)

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
10	Huadian Qingdao Power Generation Company Limited ("Qingdao Company")	1,220	55%	1 x 320 MW + 3 x 300 MW
11	Huadian Zibo Thermal Power Company Limited ("Zibo Company")	950	100%	2 x 330 MW + 2 x 145 MW
12	Huadian Zhangqiu Power Generation Company Limited ("Zhangqiu Company")	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
13	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("Tengzhou Company")	930	93.257%	2 x 315 MW + 2 x 150 MW
14	Huadian Longkou Power Generation Company Limited ("Longkou Company")	880	84.31%	4 x 220 MW
15	Huadian Ningxia Lingwu Power Generation Company Limited ("Lingwu Company")	3,320	65%	2 x 1,060 MW + 2 x 600 MW
16	Sichuan Guang'an Power Generation Company Limited ("Guang'an Company")	2,400	80%	2 x 600 MW + 4 x 300 MW
17	Huadian Xinxiang Power Generation Company Limited ("Xinxiang Company")	1,320	90%	2 x 660 MW

## MAJOR ASSETS (CONTINUED)

(1) Details of controlled coal- or gas-fired generating units are as follows: (continued)

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
18	Huadian Luohe Power Generation Company Limited ("Luohe Company")	660	75%	2 x 330 MW
19	Huadian Qudong Power Generation Company Limited ("Qudong Company")	660	90%	2 x 330 MW
20	Anhui Huadian Suzhou Power Generation Company Limited ("Suzhou Company")	1,260	97%	2 x 630 MW
21	Anhui Huadian Wuhu Power Generation Company Limited ("Wuhu Company")	2,320	65%	2 x 660 MW + 1 x 1,000 MW
22	Anhui Huadian Lu'an Power Generation Company Limited ("Lu'an Company")	1,320	95%	2 x 660 MW
23	Hangzhou Huadian Banshan Power Generation Company Limited ("Hangzhou Banshan Company")	2,415.7	64%	3 x 415 MW + 3 x 390 MW + 0.7 MW
24	Hangzhou Huadian Xiasha Thermal Power Company Limited ("Xiasha Company")	246	56%	1 x 88 MW + 2 x 79 MW
25	Hangzhou Huadian Jiangdong Thermal Power Company Limited ("Jiangdong Company")	960.5	70%	2 x 480.25 MW

## MAJOR ASSETS (CONTINUED)

(1) Details of controlled coal- or gas-fired generating units are as follows: (continued)

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
26	Huadian Zhejiang Longyou Thermal Power Company Limited ("Longyou Company")	417	100%	2 x 127.6 MW + 1 x 130.3 MW + 1 x 19.5 MW + 12 MW
27	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("Shijiazhuang Thermal Power Company")	928.6	82%	1 x 453.6 MW + 2 x 200 MW + 3 x 25 MW
28	Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("Yuhua Company")	600	100%	2 x 300 MW
29	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("Luhua Company")	660	90%	2 x 330 MW
30	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("Pingshi Power Company")	600	100%	2 x 300 MW
31	Guangdong Huadian Shaoguan Thermal Power Company Limited ("Shaoguan Thermal Power Company")	350	100%	1 x 350 MW

## MAJOR ASSETS (CONTINUED)

(1) Details of controlled coal- or gas-fired generating units are as follows: (continued)

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
32	Huadian Foshan Energy Company Limited ("Foshan Energy Company")	118	100%	2 x 59 MW
33	Huadian Guangdong Shunde Energy Company Limited ("Shunde Energy Company")	118	90%	2 x 59 MW
34	Tianjin Huadian Fuyuan Thermal Power Company Limited ("Fuyuan Thermal Power Company")	400	100%	2 x 200 MW
35	Tianjin Huadian Nanjiang Thermal Power Company Limited ("Nanjiang Thermal Power Company")	930	65%	2 x 315 MW + 1 x 300 MW
36	Huadian Hubei Power Generation Company Limited ("Hubei Company") <i>(Note)</i>	6,574.4	82.56%	2 x 680 MW + 2 x 660 MW + 2 x 640 MW + 6 x 330 MW + 1 x 300 MW + 40 x 2 MW + 254.4 MW

## MAJOR ASSETS (CONTINUED)

### (1) Details of controlled coal- or gas-fired generating units are as follows: (continued)

Note: Details of installed generating units of Hubei Company are as follows:

Power generation enterprise	Installed capacity (MW)	Shareholding percentage of Hubei Company	Generating units
Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Plant (" <b>Huangshi Thermal Power Plant</b> ")	330	100%	1 x 330 MW
Hubei Xisaishan Power Generation Company Limited (" <b>Xisaishan Company</b> ")	660	50%	2 x 330 MW
Hubei Huadian Xisaishan Power Generation Company Limited (" <b>Huadian Xisaishan Company</b> ")	1,360	50%	2 x 680 MW
Hubei Huadian Xiangyang Power Generation Company Limited (" <b>Xiangyang Company</b> ")	2,570	60.10%	2 x 640 MW + 3 x 330 MW + 1 x 300 MW
Hubei Huadian Jiangling Power Generation Company Limited (" <b>Jiangling Company</b> ")	1,320	100%	2 x 660 MW
Hubei Huadian Wuxue New Energy Company Limited (" <b>Wuxue New Energy Company</b> ")	120	100%	40 x 2 MW + 40 MW
Hubei Huadian Zaoyang Photovoltaic Power Generation Company Limited (" <b>Zaoyang Photovoltaic Power Generation Company</b> ")	100	100%	100 MW



## MAJOR ASSETS (CONTINUED)

(1) Details of controlled coal- or gas-fired generating units are as follows: (continued)

Power generation enterprise	Installed capacity (MW)	Shareholding percentage of Hubei Company	Generating units
Hubei Huadian Suixian Yindian Photovoltaic Power Generation Company Limited ( <b>"Suixian Photovoltaic Power Generation Company"</b> )	100	100%	100 MW
Huadian Hubei Power Generation Company Limited Huangshi Photovoltaic Power Generation Branch Company ( <b>"Huangshi Photovoltaic Power Generation Company"</b> )	6.4	100%	6.4 MW
Huadian Hubei Power Generation Company Limited Wuhan Photovoltaic Power Generation Branch Company ( <b>"Wuhan Photovoltaic Power Generation Company"</b> )	8	100%	8 MW

## MAJOR ASSETS (CONTINUED)

(2) Details of controlled renewable energy generating units are as follows:

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
1	Sichuan Huadian Luding Hydropower Company Limited (" <b>Luding Hydropower Company</b> ")	920	100%	4 x 230 MW
2	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited (" <b>Za-gunao Hydroelectric Company</b> ")	591	64%	3 x 65 MW + 3 x 56 MW + 3 x 46 MW + 3 x 30 MW
3	Lixian Xinghe Power Company Limited (" <b>Lixian Company</b> ")	67	100%	3 x 11 MW + 4 x 8.5 MW
4	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited (" <b>Shuiluohe Company</b> ")	462	57%	3 x 70 MW + 3 x 38 MW + 3 x 46 MW
5	Hebei Huadian Complex Pumping-storage Hydropower Company Limited (" <b>Hebei Hydropower Company</b> ") <small>(Note)</small>	83.4	100%	1 x 16 MW + 2 x 15 MW + 1 x 11 MW + 2 x 3.2 MW + 20 MW
6	Inner Mongolia Huadian Mengdong Energy Company Limited (" <b>Mengdong Energy Company</b> ")	399	100%	262 x 1.5 MW + 2 x 3 MW
7	Huadian Kezuozhongqi Wind Power Company Limited (" <b>Kezuozhongqi Wind Power Company</b> ")	49.5	100%	33 x 1.5 MW

## MAJOR ASSETS (CONTINUED)

(2) Details of controlled renewable energy generating units are as follows: (continued)

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
8	Huadian Power International Ningxia New Energy Power Company Limited ( <b>"Ningxia New Energy Company"</b> )	1,311.5	100%	147 x 2 MW + 665 x 1.5 MW + 20 MW
9	Hebei Huadian Guyuan Wind Power Company Limited ( <b>"Guyuan Wind Power Company"</b> )	290.5	100%	167 x 1.5 MW + 40 MW
10	Hebei Huadian Kangbao Wind Power Company Limited ( <b>"Kangbao Wind Power Company"</b> )	379.5	100%	72 x 2 MW + 137 x 1.5 MW + 30 MW
11	Hebei Huarui Energy Group Corporation Limited ( <b>"Huarui Company"</b> )	99	100%	48 x 2 MW + 2 x 1.5 MW
12	Huadian Laizhou Wind Power Company Limited ( <b>"Laizhou Wind Power Company"</b> )	40.5	55%	27 x 1.5 MW
13	Huadian Laizhou Wind Power Generation Company Limited ( <b>"Laizhou Wind Company"</b> )	48	100%	24 x 2 MW
14	Huadian Laizhou Wind Energy Power Company Limited ( <b>"Laizhou Wind Energy Company"</b> )	99.6	55%	48 x 2 MW + 2 x 1.8 MW

## MAJOR ASSETS (CONTINUED)

(2) Details of controlled renewable energy generating units are as follows: (continued)

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
15	Huadian Longkou Wind Power Company Limited ("Longkou Wind Power Company")	99.3	65%	23 x 1.5 MW + 6 x 2.5 MW + 24 x 2 MW + 1 x 1.8 MW
16	Longkou Dongyi Wind Power Company Limited ("Longkou Dongyi Wind Power Company")	30	100%	20 x 1.5 MW
17	Huadian Shandong New Energy Company Limited ("Shandong New Energy Company") <i>(Note)</i>	573	100%	193 x 2 MW + 3 x 1.9 MW + 1 x 1.8 MW + 33 x 1.5 MW + 130 MW
18	Huadian Xuwen Wind Power Company Limited ("Xuwen Wind Power Company")	99	100%	48 x 2 MW + 2 x 1.5 MW
19	Huadian Xiaxian Wind Power Company Limited ("Xiaxian Wind Power Company")	100	100%	50 x 2 MW
20	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("Shangde Solar Company")	10	60%	10 MW

## MAJOR ASSETS (CONTINUED)

### (2) Details of controlled renewable energy generating units are as follows: (continued)

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
21	Huadian Zhangjiakou Saibei New Energy Generation Company Limited (" <b>Zhangjiakou Saibei New Energy Company</b> ")	4	100%	4 MW
22	Huadian Ningbo New Energy Generation Company Limited (" <b>Ningbo New Energy Company</b> ")	10	100%	10 MW
23	Huadian Huzhou New Energy Power Generation Company Limited (" <b>Huzhou New Energy Company</b> ")	30	100%	30 MW
24	Huadian Taiqian Photovoltaic Power Generation Company Limited (" <b>Taiqian Photovoltaic Power Generation Company</b> ")	100	50%	100 MW

*Note:* Shandong New Energy Company (a subsidiary of the Company) absorbed and merged Huadian Changyi Wind Power Company Limited and Huadian Zaozhuang New Energy Generation Company Limited (both were former subsidiaries of the Company) in 2019.

## ADDITIONAL INSTALLED CAPACITY

From 1 January 2019 up to the date of this report, the details of the Group's newly-added generating units are as follows:

<b>Projects</b>	<b>Category</b>	<b>Installed capacity (MW)</b>
Wuhu Company	Coal-fired	1,000
Jiangling Company	Coal-fired	660
Shijiazhuang Thermal Power Company	Gas-fired	453.6
Nanjiang Thermal Power	Gas-fired	930
Shunde Energy Company	Gas-fired	118
Shenzhen Company	Gas-fired	245
Kangbao Wind Power Company	Wind power	49.5
Huzhou New Energy Company	Solar power	15
Taiqian Photovoltaic Power Generation Company	Solar power	100
Longyou Company	Solar power	11
Wuhan Photovoltaic Power Generation Company	Solar power	8
<b>Total</b>		<b>3,590.1</b>

## GENERATING UNITS UNDER CONSTRUCTION

As at the date of this report, the Group's major generating units under construction are as follows:

<b>Type of generating units</b>	<b>Planned installed capacity (MW)</b>
Coal-fired generating unit	2,350
Gas-fired generating unit	1,373.6
Hydropower generating unit	354
Wind power generating unit	1,039.3
<b>Total</b>	<b>5,116.9</b>

The Group will manage the pace of the construction and operation of its projects in accordance with the national and local energy policies, the conditions of the power market and the Group's overall strategy.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Macroeconomic conditions and electricity demand

According to the relevant information and statistics, in the first half of 2019, the gross domestic product of the PRC amounted to RMB45,093.3 billion, representing an increase of 6.3% over the corresponding period in 2018 based on comparable prices. Power consumption of the entire society in the PRC totaled 3,398.0 million MWh, representing an increase of 5.0% over the corresponding period in 2018, with a year-on-year decrease of approximately 4.4 percentage points in the growth rate. Specifically, consumption by the primary industry represented a year-on-year increase of 5.0%, consumption by the secondary industry represented a year-on-year increase of 3.1% and consumption by the tertiary industry represented a year-on-year increase of 9.4%, while the household consumption by urban and rural residents represented a year-on-year increase of 9.6%.

### (2) Power generation

During the Period, the power generated by the Group amounted to approximately 101.13 million MWh, representing an increase of approximately 5.54% over the corresponding period in 2018; the on-grid power sold amounted to approximately 94.54 million MWh, representing an increase of approximately 5.66% over the corresponding period in 2018. Such increases in the power generated and on-grid power sold were mainly attributable to the power contribution from the operation of the newly-added generating units of the Group. The average utilisation hours of the generating units were 1,927 hours, among which the average utilisation hours of coal-fired generating units were 2,202 hours and the coal consumption for power supply was 294.92 g/KWh that was remarkably lower than the national average.

### (3) Turnover and profit

The turnover of the Group for the Period amounted to approximately RMB43,263 million, representing an increase of approximately 4.90% over the corresponding period in 2018, mainly due to the increase in the revenue generated from the sale of electricity. In particular, the revenue generated from the sale of electricity of the Group amounted to approximately RMB34,412 million, representing an increase of approximately 9.12% over the corresponding period in 2018, mainly due to the increase in power generation volume and the adjustment of tax rate. The revenue generated from the sale of heat amounted to approximately RMB3,172 million, representing an increase of approximately 12.81% over the corresponding period in 2018, mainly due to the increase in sale of heat volume. The revenue generated from the sale of coal amounted to approximately RMB5,680 million, representing a decrease of approximately 17.62% over the corresponding period in 2018.

The Group's operating profit for the Period amounted to approximately RMB4,297 million, representing an increase of approximately 23.21% over the corresponding period in 2018, mainly due to the decline in coal prices, the increase in the power generation volume and the year-on-year increase in the electricity price (excluding taxes); the profit for the Period attributable to equity holders of the Company amounted to approximately RMB1,638 million, the profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB1,417 million, and the basic earnings per share was approximately RMB0.144.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (4) Major operating expenses

Fuel cost is the major operating expense of the Group. Fuel cost of the Group for the Period amounted to approximately RMB21,755 million, representing an increase of approximately 5.87% over the corresponding period in 2018. This was mainly due to the increase in volume of power generation.

During the Period, the cost of sales of the Group for coal amounted to approximately RMB5,313 million, representing a decrease of approximately 18.40% over the corresponding period in 2018. This was mainly due to the changes in the price and sales volume of coal.

During the Period, the depreciation and amortization expenses of the Group amounted to approximately RMB5,553 million, representing an increase of approximately 8.02% over the corresponding period in 2018. This was mainly due to the commencement of operation of new generating units and the fact that the depreciation of the right-of-use asset for leases has been recognised as depreciation and amortization instead of other operating expenses since 1 January 2019 as required by “Notice on the Accounting Standards for Business Enterprises No. 21 – Leases” (Cai Kuai [2018] No. 35).

During the Period, the repairs, maintenance and inspection costs of the Group amounted to approximately RMB1,856 million, representing an increase of approximately 25.14% over the corresponding period in 2018. This was mainly due to the increase in the costs of consumable materials such as desulfurisation and denitrification materials as a result of the increase in volume of power generation.

During the Period, the staff costs of the Group amounted to approximately RMB2,854 million, representing an increase of approximately 32.33% over the corresponding period in 2018. This was mainly due to the increase in employee remuneration and the fact that the timing difference of the cost was considered.

During the Period, the administration expenses of the Group amounted to approximately RMB592 million, representing a decrease of approximately 26.19% over the corresponding period in 2018. This was mainly due to the effect of the compensation for relocation by a coal mining enterprise in the corresponding period in 2018.

During the Period, tax and surcharges of the Group amounted to approximately RMB501 million, representing a decrease of approximately 3.86% over the corresponding period in 2018. This was mainly due to the adjustment of the tax rate.

During the Period, other operating expenses of the Group amounted to approximately RMB542 million, representing a decrease of approximately 8.18% over the corresponding period in 2018. This was mainly due to the adjustments in accounting method pursuant to the requirements of “the Accounting Standards for Business Enterprises No. 21 – Leases”.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (5) Other revenue and net income

During the Period, the other revenue and net income of the Group amounted to approximately RMB592 million, representing an increase of approximately 56.24% over the corresponding period in 2018. This was mainly due to the increase in revenue from sales of by-products of power generation such as coal ash.

### (6) Finance costs

During the Period, finance costs of the Group amounted to approximately RMB2,650 million, representing a decrease of approximately 1.92% over the corresponding period in 2018. This was mainly due to the year-on-year decrease in the cost of funds.

### (7) Share of results of associates and joint ventures

During the Period, the share of results of associates and joint ventures of the Group amounted to approximately RMB321 million, representing a decrease of approximately 28.27% over the corresponding period in 2018. This was mainly due to the year-on-year decrease in income of coal mining enterprises invested by the Group.

### (8) Income tax

Income tax of the Group for the Period amounted to approximately RMB512 million, representing an increase of approximately 19.71% over the corresponding period in 2018. This was mainly due to the increase in the Group's profit.

### (9) Pledge and mortgage of assets

As at 30 June 2019, the Company and its subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB20,073 million.

As at 30 June 2019, some subsidiaries of the Company have mortgaged their generating units and relevant equipment, land use rights and mining rights to secure loans amounting to approximately RMB3,374 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (10) Indebtedness

As at 30 June 2019, the total borrowings of the Group amounted to approximately RMB99,425 million, of which borrowings denominated in Euro amounted to approximately EUR11 million. The liabilities to assets ratio was approximately 68.40%, representing a decrease of 1.60 percentage points compared to that at the end of 2018. Borrowings of the Group were mainly at floating rates. In addition, the closing balance of super short-term debentures, medium-term notes payable (including the portion due within one year) and lease liabilities of the Group amounted to approximately RMB9,643 million, RMB10,480 million and RMB3,106 million, respectively.

### (11) Contingent liabilities

As at 30 June 2019, Guang'an Company, a subsidiary of the Group, has provided guarantees to banks for loans amounting to RMB43.58 million which were granted to Sichuan Huayingshan Longtan Coal Company Limited.

### (12) Cash and cash equivalents

As at 30 June 2019, the Group had cash and cash equivalents of approximately RMB9,203 million.

Save as disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") (The Stock Exchange of Hong Kong Limited is referred as the "**Hong Kong Stock Exchange**") has not changed materially from that included in the Company's 2018 annual report.

## BUSINESS OUTLOOK

There will be opportunities and challenges in internal and external conditions for the operation of the Group in the second half of the year. Various favorable policies published by the State have provided favorable conditions for the Group to improve quality and efficiency. For example, the State has announced for many times, the more opening-up policy, further increase in infrastructure investment including private investment, and other measures, which will further stimulate economic growth; tax reduction and fee reduction policies will continue to promote the improvement in the Group's results of operations; the overall relatively relaxed financing environment will be conducive to further reducing financing costs, etc.

Meanwhile, the Group remains facing risks arising from the power market, coal market, capital market and environmental protection, etc.

In terms of the power market, affected by domestic and foreign economic environment, China's economy comes under considerable downward pressure, with uncertainty about the growth in the electricity demand, while due to a large increase in external power transmission in some areas, there is a risk that the utilization hours of power generation may decline. With the implementation of power generation and utilization plans for industrial power users, the power market will tend to become perfect, with increasing competition, new market models and new market rules. Therefore, there is a risk that generation benefits may decrease, due to potential decrease in the utilization hours and continuous increase in the electricity supply in the market. The Group will enhance the power market and policy research, firmly establish the market awareness, innovate marketing methods, pay attention to major policy trends affecting operating profits, actively adapt to the new requirements of power market-oriented reform, continuously optimize bidding strategies to actively secure a larger share for electricity supply.

In terms of the coal market, the coal price has remained high in recent years, while factors including capacity relocation, safety and environmental protection inhibit the reduction in the coal price to a reasonable level. Due to increasing concentration of the coal production capacity in Shanxi, Shaanxi and Mengxi, the proportion of electricity-coal transported for a long distance between regions increases, leading to greater dependence on main places of production and transportation corridors, while local accidents and production limitation policies correspondingly magnify the impact on the operational benefits of the Group, so there is a certain systematic risk. The Group will take multiple measures to have the coal price further reduced. It will adjust coal purchase strategies in a timely manner, in response to market change, optimize coal purchase channels and improve methods for dynamic analysis of coal costs. It will diversify the channels of obtaining market quotations and policy information, consolidate and improve its ability to resist risks in the coal market. It will scientifically arrange purchase and storage to maintain a reasonable inventory. It will continue to conduct whole process management of fuels to reduce fuel management costs in terms of coal unloading, storage, blending, etc.

## BUSINESS OUTLOOK (CONTINUED)

In terms of capital market, since this year, the cost of capital market has declined slowly, but uneven allocation of credit quotas and difference in financing costs between regions have been more obvious. With focus on structure optimization, cost reduction and risk control, the Group will further broaden financing channels, reduce capital costs and prevent capital risks.

In terms of environmental protection, with increasingly rigorous requirements of environmental protection in recent years, the number of production facilities delivered for environmental protection reconstruction has increased, while the operation requirements have been more and more rigorous, so there has been a continuous increase in the operation and maintenance costs of environmental protection facilities of enterprises. The Group will practically and properly carry out daily maintenance and operation management of environmental protection facilities, and enhance the monitoring and analysis of the implementation of energy-consumption index plans, so as to improve the relative competitive ability in terms of energy consumption indexes.

## SIGNIFICANT EVENTS

### (1) Convening of the extraordinary general meeting

The Company held the first extraordinary general meeting of 2019 on 9 April 2019 (the "2019 First EGM"). At the 2019 First EGM, Mr. Wang Xuxiang, Mr. Chen Haibin, Mr. Tao Yunpeng and Mr. Chen Cunlai were elected and appointed as directors of the Company, with the term of office from the conclusion of the 2019 First EGM to the expiry of the eighth session of the Board.

For details, please refer to the announcements of the Company dated 22 February 2019, 11 March 2019 and 9 April 2019.

### (2) Change of directors

On 19 February 2019, Mr. Zhao Jianguo tendered his resignation as the chairman and a non-executive director of the eighth session of the Board, and the chairman of the Strategic Committee with effect from the same date due to his work commitments. On 11 March 2019, Mr. Chen Bin tendered his resignation as the vice chairman and an executive director of the eighth session of the Board, and a member of the Strategic Committee due to his age; Mr. Chu Yu tendered his resignation as a non-executive director of the eighth session of the Board, and a member of the Audit Committee due to his work commitments, in each case with effect from the same date. Mr. Zhao Jianguo, Mr. Chen Bin and Mr. Chu Yu have confirmed that they have no disagreements with the Board and there are no matters in relation to their resignations that need to be brought to the attention of the shareholders of the Company.

## SIGNIFICANT EVENTS (CONTINUED)

### (2) Change of directors (continued)

On 19 February 2019, at the fourteenth meeting of the eighth session of the Board, the nomination of Mr. Wang Xuxiang as a candidate for the director of the Company was approved and submitted at the 2019 First EGM for approval. On 11 March 2019, at the sixteenth meeting of the eighth session of the Board, the nomination of Mr. Chen Haibin, Mr. Tao Yunpeng and Mr. Chen Cunlai as candidates for the directors of the Company was approved and submitted at the 2019 First EGM for approval.

On 9 April 2019, Mr. Wang Xuxiang, Mr. Chen Haibin, Mr. Tao Yunpeng and Mr. Chen Cunlai were elected and appointed as the directors of the Company at the 2019 First EGM. Meanwhile, Mr. Wang Xuxiang was appointed as the chairman of the Board, an executive director, and the chairman of the Strategic Committee of the Company; Mr. Chen Haibin was appointed as a non-executive director of the Company and a member of the Strategic Committee; Mr. Tao Yunpeng was appointed as a non-executive director of the Company and a member of the Audit Committee; Mr. Chen Cunlai was appointed as an executive director of the Company and a member of the Strategic Committee; Mr. Tian Hongbao was appointed as a member of the Nomination Committee; their terms of office were from the conclusion of the 2019 First EGM to the expiry date of the eighth session of the Board, and they will be eligible for re-election upon the expiry.

For details, please refer to the announcements of the Company dated 19 February 2019, 22 February 2019, 11 March 2019 and 9 April 2019.

### (3) Capital increase in Huadian Jinsha River Upstream Hydropower Development Co., Ltd. (“Huadian Jinsha River”)

On 21 May 2019, the Company and Huadian Jinsha River entered into the capital increase agreement (“**Capital Increase Agreement**”), pursuant to which the Company would participate in the capital increase of Huadian Jinsha River. Immediately following the capital increase, the registered capital of Huadian Jinsha River will be increased to RMB10,000 million, and all additional capital contributions will be made by existing shareholders of Huadian Jinsha River on a pro-rata basis before 31 December 2022. During the capital increase, the Company will make a capital contribution of RMB710.64 million in cash in proportion to its shareholding. Upon the completion of the capital increase, the aggregated capital contribution by the Company will be RMB1,200 million, accounting for 12% of the enlarged registered capital of Huadian Jinsha River. The directors of the Company consider that the transaction contemplated under the Capital Increase Agreement is in line with the Group’s development strategy of adjusting its power structure, which is expected to bring benefits to the operation of the Group.

## SIGNIFICANT EVENTS (CONTINUED)

### (3) Capital increase in Huadian Jinsha River Upstream Hydropower Development Co., Ltd. (“Huadian Jinsha River”) (continued)

Since Huadian Jinsha River is a subsidiary of China Huadian Corporation Limited (“**China Huadian**”), which is the controlling shareholder of the Company, Huadian Jinsha River is a connected person of the Company. Therefore, the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the percentage ratio applicable to the capital contribution by the Company under the capital increase exceeds 0.1% but is less than 5%, the transaction is subject to the annual reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

For details, please refer to the announcement of the Company dated 21 May 2019.

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 30 June 2019 in the Company’s shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “**SFO**”), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 30 June 2019, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company as at 30 June 2019 :

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A shares	4,534,199,224 (L)	45.97%	55.66%	–
	H shares	85,862,000 (L) <i>(Note)</i>	0.87%	–	5.00%
Shandong Development Investment Holding Group Co., Ltd.	A shares	800,766,729 (L)	8.12%	9.83%	–
BlackRock, Inc.	H shares	99,455,779(L)	1.01%	–	5.79%

(L) = Long position

*Note:* So far as the directors of the Company are aware or are given to understand, these 85,862,000 H shares were held directly by a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited, through CCASS in the name of HKSCC Nominees Limited.

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Save as disclosed above and so far as the directors of the Company are aware, as at 30 June 2019, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

## INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES OR MEMBERS OF SENIOR MANAGEMENT IN THE SECURITIES

As at 30 June 2019, the interests or short positions of the directors, supervisors, chief executives or members of senior management of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were 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 recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	Position in the Company	Number of A shares of the Company held as personal interest	Capacity in A shares
Gou Wei	Non-executive director	10,000 <i>(Note)</i>	Beneficial owner

*Note:* Accounted for approximately 0.0001% of the total issued A shares of the Company on 30 June 2019.

## INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES OR MEMBERS OF SENIOR MANAGEMENT IN THE SECURITIES (CONTINUED)

Save as disclosed above, as at 30 June 2019, none of the directors, supervisors, chief executives or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (as defined in Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such director, supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or which was otherwise (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company).

During the Period, the Company has adopted a code of conduct regarding transactions of the directors of the Company in the Company's securities on terms identical to those of the Model Code. Having made specific enquiries of all directors and supervisors of the Company, the Company understands that all of the directors and supervisors have complied with the required standards set out in the Model Code.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Saved as disclosed in this report, during the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities ("**securities**" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

## DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 30 June 2019, the Group's deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material time deposits which could not be collected by the Group upon maturity.



## MATERIAL LITIGATION

As of 30 June 2019, certain members of the Group were parties to certain litigations arising from the Group's ordinary course of business or acquisition of assets. However, the management of the Group believes that any possible legal liability which incurred or may incur from the aforesaid cases will not have any material adverse effect on the financial position and operating results of the Group.

## AUDIT COMMITTEE

The unaudited condensed consolidated financial statements for the Period prepared under the International Accounting Standard 34 "Interim Financial Reporting" have been reviewed by the Audit Committee.

## EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As at 30 June 2019, the total number of employees of the Group was 26,728. The Group has always complied with the relevant requirements of the PRC, and determined the salary levels of employees according to its economic benefits. It has established an objective, impartial, scientific and effective remuneration distribution mechanism and staff performance appraisal mechanism, according to the talent concept of "identifying talents through performance, selecting talents through competition and awarding talents through remuneration".

## CORPORATE GOVERNANCE

The Company has always attached great importance to corporate governance and has continuously implemented management innovation. In strict compliance with the Company Law of the PRC, the Securities Law of the PRC, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, the Hong Kong Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved the structure of corporate governance, enhanced the level of the Company's governance and endeavored to achieve the harmonious development between the growth of the Company and the interest of its shareholders.

The codes on corporate governance practices adopted by the Company include, but not limited to, its Articles of Association, Code on Shareholders' Meetings, Code on Board, Code on Supervisory Committee, the Terms of Reference for the Audit Committee under the Board, the Terms of Reference for the Remuneration and Appraisal Committee under the Board, and the Terms of Reference for the Nomination Committee under the Board, etc.

## CORPORATE GOVERNANCE (CONTINUED)

The Company has established and improved the standardised operating systems of the shareholders' meetings, meetings of board of directors and supervisory committees of the Company and its subsidiaries. The independent directors, the Audit Committee and the Supervisory Committee have actively supervised the preparation of regular reports, whereas non-executive directors and supervisors have performed their duties by carrying out annual reviews and the Supervisory Committee has further improved its supervisory duties. The Company has upheld transparency and compliance with information disclosures. Trainings regarding corporate governance and regulatory compliance were provided to the directors, supervisors and secretaries to the board of the Company and its subsidiaries. In accordance with the relevant requirements of the internal control and risk management of the Company, regular assessments were made on the internal control and risk management of the Company.

In the first half of the year, the Group complied with environmental, social and governance requirements of the Hong Kong Listing Rules, and continuously tracked the performance indicators of the Group in terms of environmental protection, social responsibility and corporate governance.

The Board adheres to the principles of corporate governance in order to achieve prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles. The Board has reviewed the relevant requirements prescribed under the codes on corporate governance practices adopted by the Company and its actual operations, and has taken the view that the corporate governance practices of the Company during the Period have met the requirements under the code provisions in the Corporate Governance Code ("**Corporate Governance Code**") as contained in Appendix 14 to the Hong Kong Listing Rules. The Company has also adopted the board member diversity policy. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the major particulars of which are as follows:

- The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited for Directors and Supervisors and the Code on Trading in Securities of Huadian Power International Corporation Limited for Employees, which are on terms no less lenient than those set out in the Model Code.
- In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and has stipulated the Terms of Reference for the Strategic Committee.
- The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

By order of the Board  
**Huadian Power International Corporation Limited\***  
**Wang Xuxiang**  
*Chairman*

# Report on Review of Condensed Consolidated Financial Statements



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## TO THE BOARD OF DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

華電國際電力股份有限公司

*(Incorporated in the People's Republic of China with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 27 to 76 which comprise the condensed consolidated statement of financial position of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on the condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### **BDO Limited**

*Certified Public Accountants*

**Amy, Yau Shuk Yuen**

Practising Certificate no. P06095

Hong Kong, 23 August 2019

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Turnover</b>	4	<b>43,263,433</b>	41,241,534
<b>Operating expenses</b>			
Fuel costs		(21,755,169)	(20,548,786)
Cost of coal sold		(5,312,664)	(6,510,572)
Depreciation and amortisation		(5,552,552)	(5,140,312)
Repairs, maintenance and inspection		(1,856,429)	(1,483,490)
Personnel costs		(2,854,177)	(2,156,927)
Administration expenses		(592,267)	(802,393)
Taxes and surcharges		(500,789)	(520,916)
Other operating expenses		(542,011)	(590,275)
		<b>(38,966,058)</b>	(37,753,671)
<b>Operating profit</b>		<b>4,297,375</b>	3,487,863
Investment income	5	7,971	15,285
Other revenue and net income		591,860	378,822
Interest income from bank deposits		43,814	42,443
Fair value gain on financial assets at fair value through profit or loss		–	47,276
Fair value gain/(loss) on financial liabilities at fair value through profit or loss		201	(69,972)
Finance costs	6	(2,650,166)	(2,702,055)
Share of results of associates and joint ventures		321,242	447,864
<b>Profit before taxation</b>	7	<b>2,612,297</b>	1,647,526
Income tax	8	(511,744)	(427,482)
<b>Profit for the period</b>		<b>2,100,553</b>	1,220,044

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the Six Months Ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Other comprehensive income for the period (net of tax):</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive income of investees accounted for under the equity method	9	22,187	(8,578)
		<b>22,187</b>	<b>(8,578)</b>
<b>Total comprehensive income for the period</b>		<b>2,122,740</b>	<b>1,211,466</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		1,637,885	1,041,312
Non-controlling interests		462,668	178,732
		<b>2,100,553</b>	<b>1,220,044</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		1,659,329	1,033,021
Non-controlling interests		463,411	178,445
		<b>2,122,740</b>	<b>1,211,466</b>
<b>Basic earnings per share</b>	10	<b>RMB0.144</b>	<b>RMB0.106</b>

## Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	At 30 June 2019	At 31 December 2018
		RMB'000 (unaudited)	RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	151,791,919	149,582,344
Right-of-use assets		8,166,560	–
Construction in progress	12	19,827,795	26,415,047
Lease prepayments		–	3,441,173
Intangible assets		4,177,315	5,843,716
Goodwill		1,432,802	1,432,802
Interests in associates and joint ventures		11,401,364	11,100,365
Financial assets at fair value through profit or loss		280,630	280,330
Other non-current assets	13	3,002,145	3,262,617
Deferred tax assets		492,767	365,613
		<b>200,573,297</b>	201,724,007
<b>Current assets</b>			
Inventories		3,971,728	3,441,302
Trade debtors and bills receivable	14	10,663,085	10,670,383
Deposits, other receivables and prepayments	15	4,754,758	4,756,158
Tax recoverable		94,249	113,790
Restricted deposits	16	47,343	39,799
Lease prepayments		–	112,356
Cash and cash equivalents	17	9,203,259	6,638,326
		<b>28,734,422</b>	25,772,114

## Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2019

	<i>Notes</i>	<b>At 30 June 2019</b>	At 31 December 2018
		<i>RMB' 000</i> (unaudited)	<i>RMB' 000</i> (audited)
<b>Current liabilities</b>			
Bank loans		<b>28,583,270</b>	31,581,576
Loans from shareholders		<b>100,000</b>	100,000
State loans		<b>3,449</b>	2,774
Other loans	18(a)	<b>5,667,180</b>	5,642,320
Short-term debentures payable	18(b)	<b>9,642,527</b>	7,134,237
Long-term debentures payable - current portion	18(c)	<b>1,997,214</b>	2,597,864
Amount due to the parent company		<b>72,785</b>	47,021
Obligations under finance leases		-	621,420
Trade creditors and bills payable	19	<b>18,821,048</b>	19,157,988
Other payables	20	<b>7,997,241</b>	8,163,364
Financial liabilities at fair value through profit or loss		-	64,496
Tax payable		<b>360,455</b>	421,350
Lease liabilities		<b>683,319</b>	-
		<b>73,928,488</b>	75,534,410
<b>Net current liabilities</b>		<b>(45,194,066)</b>	(49,762,296)
<b>Total assets less current liabilities</b>		<b>155,379,231</b>	151,961,711

## Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2019

	<i>Notes</i>	<b>At 30 June 2019</b>	At 31 December 2018
		<i>RMB' 000</i> (unaudited)	<i>RMB' 000</i> (audited)
<b>Non-current liabilities</b>			
Bank loans		58,012,520	59,399,344
Loans from shareholders		1,673,729	1,678,666
State loans		56,074	57,906
Other loans	18(a)	5,328,440	5,546,750
Long-term debentures payable	18(c)	8,482,354	7,477,547
Obligations under finance leases		–	2,392,958
Long-term payables		343,858	363,999
Provisions		122,330	117,625
Deferred government grants		1,580,931	1,614,386
Deferred income	21	2,700,559	2,746,688
Deferred tax liabilities		2,176,648	2,305,891
Retirement benefit obligations		17,430	18,087
Lease liabilities		2,422,507	–
		<u>82,917,380</u>	<u>83,719,847</u>
<b>Net assets</b>		<u>72,461,851</u>	<u>68,241,864</u>
<b>Capital and reserves</b>			
Share capital		9,862,977	9,862,977
Perpetual capital securities		11,957,271	9,108,775
Reserves		35,014,344	34,159,390
<b>Total equity attributable to equity holders of the Company</b>		<u>56,834,592</u>	<u>53,131,142</u>
<b>Non-controlling interests</b>		<u>15,627,259</u>	<u>15,110,722</u>
<b>Total equity</b>		<u>72,461,851</u>	<u>68,241,864</u>

The condensed consolidated financial statements on pages 27 to 76 were approved and authorised for issue by the board of directors on 23 August 2019 and are signed on its behalf by:

**Wang Xuxiang**  
Director

**Tian Hongbao**  
Director



# Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2019

	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Revaluation reserve	Fair value reserve	Retained profits	Perpetual capital securities	Total	Non-controlling interests	Total equity
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
<b>Balance at 31 December 2018 (audited)</b>	9,862,977	14,883,689	3,309,073	68,089	44,726	(41,037)	15,894,850	9,108,775	53,131,142	15,110,722	68,241,864
Profit for the period	-	-	-	-	-	-	1,416,521	221,364	1,637,885	462,668	2,100,553
Other comprehensive income (Note 9)	-	-	-	-	-	21,444	-	-	21,444	743	22,187
Total comprehensive income for the period	-	-	-	-	-	21,444	1,416,521	221,364	1,659,329	463,411	2,122,740
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	88,901	88,901
Addition from business combination (Note 26)	-	-	-	-	-	-	-	-	-	108,923	108,923
Issue of perpetual capital securities (Note 23)	-	-	-	-	-	-	-	2,994,072	2,994,072	-	2,994,072
Appropriation of specific reserve	-	-	67,944	-	-	-	(67,944)	-	-	-	-
Utilisation of specific reserve	-	-	(54,591)	-	-	-	54,591	-	-	-	-
Dividends recognised as distribution (Note 22)	-	-	-	-	-	-	(650,956)	-	(650,956)	-	(650,956)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(146,426)	(146,426)
Distributions payable to holders of perpetual capital securities (Note 23)	-	-	-	-	-	-	-	(366,940)	(366,940)	-	(366,940)
Others	-	67,945	-	-	-	-	-	-	67,945	1,728	69,673
<b>Balance at 30 June 2019 (unaudited)</b>	9,862,977	14,951,634	3,322,426	68,089	44,726	(19,593)	16,647,062	11,957,271	56,834,592	15,627,259	72,461,851

## Condensed Consolidated Statement of Changes in Equity (Continued)

For the Six Months Ended 30 June 2019

	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Revaluation reserve	Fair value reserve	Retained profits	Perpetual capital securities	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2018</b>											
<b>(audited)</b>	9,862,977	14,876,958	3,227,884	68,089	44,726	(25,675)	14,854,200	-	42,909,159	14,292,634	57,201,793
Profit for the period	-	-	-	-	-	-	1,041,312	-	1,041,312	178,732	1,220,044
Other comprehensive income (Note 9)	-	-	-	-	-	(8,291)	-	-	(8,291)	(287)	(8,578)
Total comprehensive income for the period	-	-	-	-	-	(8,291)	1,041,312	-	1,033,021	178,445	1,211,466
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	247,738	247,738
Appropriation of specific reserve	-	-	102,924	-	-	-	(102,924)	-	-	-	-
Utilisation of specific reserve	-	-	(25,009)	-	-	-	25,009	-	-	-	-
Dividends recognised as distribution (Note 22)	-	-	-	-	-	-	(177,533)	-	(177,533)	-	(177,533)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(81,779)	(81,779)
Others	-	12,963	-	-	-	-	-	-	12,963	208	13,171
<b>Balance at 30 June 2018</b>											
<b>(unaudited)</b>	9,862,977	14,889,921	3,305,799	68,089	44,726	(33,966)	15,640,064	-	43,777,610	14,637,246	58,414,856

## Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Cash generated from operations		<b>7,083,767</b>	4,785,764
PRC enterprise income tax paid		<b>(806,809)</b>	(535,938)
Net cash generated from operating activities		<b>6,276,958</b>	4,249,826
Net cash used in investing activities	25	<b>(4,138,890)</b>	(7,119,171)
Net cash generated from financing activities	25	<b>426,865</b>	2,016,256
Increase/(decrease) in cash and cash equivalents		<b>2,564,933</b>	(853,089)
Cash and cash equivalents at 1 January		<b>6,638,326</b>	7,416,801
Cash and cash equivalents at 30 June	17	<b>9,203,259</b>	6,563,712

# Notes to the Condensed Consolidated Financial Statements

*For the Six Months Ended 30 June 2019*

## 1. GENERAL

Huadian Power International Corporation Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 28 June 1994 as a joint stock limited company.

The Company and its subsidiaries (together referred to as the “Group”) are principally engaged in the generation and sale of electricity, heat and coal. Majority of electricity generated is supplied to the local power grid companies where the power plants are located.

The condensed consolidated financial statements is presented with Renminbi (“RMB”), the functional currency of the Company.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

In preparing this condensed consolidated financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018 (the “2018 annual financial statements”), except for new significant judgements and key sources of estimation uncertainty related to the application of International Financial Reporting Standard (“IFRS”) 16 *Leases*.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the 2018 annual financial statement of the Group, except for the adoption of new standards as the following, which are effective as of 1 January 2019. The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective for the current accounting period.

Adoption of new or revised standards and interpretations effective on 1 January 2019:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IFRS 3	As part of the Annual Improvement to
– Business Combination	IFRSs 2015-2017 Cycle
Amendments to IFRS 11	As part of the Annual Improvement to
– Joint Arrangements	IFRSs 2015-2017 Cycle
Amendments to IAS 12	As part of the Annual Improvement to
– Income Tax	IFRSs 2015-2017 Cycle
Amendments to IAS 23	As part of the Annual Improvement to
– Borrowing Costs	IFRSs 2015-2017 Cycle

Except for IFRS 16, none of the new or revised standards and interpretation have had a material effect on the Group's accounting policies. The impact of the adoption of IFRS 16 is summarised below.

#### IFRS 16 Leases

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has initially adopted IFRS 16 from 1 January 2019 and applied IFRS 16 in accordance with the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained profits at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 Leases (Continued)

##### A. Definition of a lease

Previously, the Group identified leases in accordance with IAS 17 and IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applies IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties and equipment in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 Leases (Continued)

##### **B. As a lessee**

The Group is a lessee under leases of buildings, generators, machinery and equipment. A majority of the Group's leases are operating leases with remaining lease terms between 6 months and 45 years.

As a lessee, the Group previously classified leases as operating or finance leases based on the assessment of whether a lease transferred substantially all the risks and rewards incidental to ownership of an underlying asset. For finance leases, lease assets and lease liabilities were recognised by the Group. However, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease expenses were recognised in the condensed consolidated statement of profit or loss and other comprehensive income over the lease period on a straight-line basis.

Under IFRS 16, the Group recognised right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheet. The Group presents right-of-use assets and lease liabilities separately in the condensed consolidated statement of financial position. The Group applies recognition exemption to leases with a lease term of 12 months or less or lease of low-value assets which are recognised as expenses on a straight-line basis over the lease term.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 Leases (Continued)

##### ***B. As a lessee (Continued)***

##### ***Right-of-use asset***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial measurement of the lease liabilities (see below for the accounting policy for lease liabilities), any initial direct costs incurred, an estimate of costs to be incurred in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments that are not paid at that date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 Leases (Continued)

##### **B. As a lessee (Continued)**

##### ***Lease liabilities (Continued)***

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (e.g. a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset).

##### ***i. Significant accounting policies***

The Group applies judgement to determine as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

##### ***ii. Transition***

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities as at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at an amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets on 1 January 2019.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 Leases (Continued)

##### **B. As a lessee (Continued)**

##### **ii. Transition (Continued)**

The Group applied the following practical expedients on transition to IFRS 16 for those leases which were previously classified as operating leases under IAS 17:

- the exclusion of leases for which the lease term ends within 12 months of the date of initial application. Payment associated with such leases were recognised on a straight-line basis as expenses.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application.

For leases previously classified as finance leases applying IAS 17 and relevant interpretations, including those under sale and leaseback arrangements, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability on 1 January 2019.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 Leases (Continued)

##### C. Impacts on financial statements

##### i. Impacts on financial statements

The adjustment of the opening balances (affected items only) below results from the initial application of the IFRS 16 as at 1 January 2019. The prior-year amounts were not adjusted.

	As at 31 December 2018	Impact of IFRS 16	As at 1 January 2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>			
Right-of-use assets	–	10,024,834	<b>10,024,834</b>
Property, plant and equipment	149,582,344	(4,559,281)	<b>145,023,063</b>
– Buildings	44,520,254	–	<b>44,520,254</b>
– Generators, machinery and equipment	95,503,181	(4,559,281)	<b>90,943,900</b>
– Mining structures and mining rights	7,194,973	–	<b>7,194,973</b>
– Motor vehicles, furniture, fixtures, equipment and others	2,363,936	–	<b>2,363,936</b>
Lease prepayments	3,553,529	(3,553,529)	–
Intangible assets	5,843,716	(1,549,118)	<b>4,294,598</b>
– Land use rights	1,482,328	(1,482,328)	–
– Concession assets	2,475,926	–	<b>2,475,926</b>
– Development right of hydropower	1,382,954	–	<b>1,382,954</b>
– Others	502,508	(66,790)	<b>435,718</b>
Deposits, other receivables and prepayments	4,756,158	(1,852)	<b>4,754,306</b>
<b>Total assets</b>	<b>163,735,747</b>	<b>361,054</b>	<b>164,096,801</b>
<b>Liabilities</b>			
Obligations under finance leases	3,014,378	(3,014,378)	–
Trade payables and bills payables	19,157,988	(33,046)	<b>19,124,942</b>
Leases liabilities	–	3,408,478	<b>3,408,478</b>
<b>Total liabilities</b>	<b>22,172,366</b>	<b>361,054</b>	<b>22,533,420</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 Leases (Continued)

##### C. Impacts on financial statements (Continued)

##### ii. Impacts on transition

The amount of the operating lease commitment disclosed as at 31 December 2018 under the principle of IAS 17 was RMB380,435,000. Taking into account of the discounting effect of RMB69,848,000, the major difference between the operating lease commitment and the lease liabilities of RMB3,408,478,000 recognised at the initial date of application was the reclassification of the finance lease liabilities amounting to RMB3,014,378,000 which were previously recognised under obligation under finance leases.

The lease liabilities were discounted at its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 4.81%.

### 4. TURNOVER

Turnover represents the sale of electricity, heat and coal. Major components of the Group's turnover are as follows:

	Six months ended 30 June	
	2019	2018
	RMB '000	RMB '000
Sale of electricity	<b>34,411,588</b>	31,534,768
Sale of heat	<b>3,171,501</b>	2,811,439
Sale of coal	<b>5,680,344</b>	6,895,327
	<b>43,263,433</b>	41,241,534

The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in the condensed consolidated financial statements. The Group's major customers are the power grid operators in relation to the sale of electricity. The revenue from sale of electricity, heat and coal is recognised at point in time. The Group's assets are mainly located in the PRC.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 5. INVESTMENT INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Gain on disposal of financial assets measured at fair value through profit or loss	–	2,230
Dividend income from financial assets measured at fair value through profit or loss	–	1,961
Interest income from other long-term receivables	<b>7,395</b>	7,041
Gain on deemed acquisition of a subsidiary (Note 26)	<b>576</b>	–
Gain on deemed disposal of an associate	–	4,053
	<b>7,971</b>	15,285

### 6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest on loans and other financial liabilities	<b>2,810,094</b>	2,934,194
Less: interest capitalised	<b>(273,342)</b>	(364,026)
	<b>2,536,752</b>	2,570,168
Net foreign exchange gain	<b>(315)</b>	(1,484)
Interest on lease liabilities	<b>67,089</b>	–
Imputed interest	–	90,498
Other finance costs	<b>46,640</b>	42,873
	<b>2,650,166</b>	2,702,055

The borrowing costs have been capitalised at an average rate of 4.73% per annum (six months ended 30 June 2018: 4.74% per annum) for construction in progress.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Amortisation		
– Lease prepayments	–	43,975
– Intangible assets	<b>323,081</b>	124,609
Depreciation		
– Property, plant and equipment	<b>5,002,620</b>	4,971,728
– Right-of-use assets	<b>226,851</b>	–
Total of depreciation and amortisation	<b>5,552,552</b>	5,140,312
Cost of inventories	<b>28,933,878</b>	28,563,890
Expense relating to short-term leases and leases of low-value assets	<b>22,266</b>	–
Operating lease charges	–	41,064
Research and development costs recognised as expense	<b>3,133</b>	3,457
Included in other revenue and net income:		
– Government grants	<b>(212,789)</b>	(158,344)
– Net loss on disposal of property, plant and equipment	<b>33,299</b>	23,771
– Net income from sale of materials	<b>(310,624)</b>	(184,103)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 8. INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<b>Current tax</b>		
Charge for the PRC enterprise income tax for the period	<b>753,962</b>	513,826
Under provision in respect of prior years	<b>7,024</b>	12,158
	<b>760,986</b>	525,984
<b>Deferred tax</b>		
Origination and reversal of temporary differences and tax losses	<b>(249,242)</b>	(98,502)
	<b>511,744</b>	427,482

The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (six months ended 30 June 2018: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2019 determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (six months ended 30 June 2018: 7.5%, 12.5% or 15%).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 9. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Share of other comprehensive income of investees accounted for under the equity method	22,187	(8,578)
Other comprehensive income, net of income tax	22,187	(8,578)

### 10. EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the period and divided by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	1,637,885	1,041,312
Less: Profit attributable to holders of perpetual capital securities	(221,364)	–
Profit attributable to equity shareholders	1,416,521	1,041,312
Weighted average number of ordinary shares in issue	9,862,976,653	9,862,976,653
Basic earnings per share (RMB)	0.144	0.106

#### (b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the six months ended 30 June 2019 and 2018.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment with an aggregate cost of RMB13,229 million (six months ended 30 June 2018: RMB2,113 million), including RMB9,676 million (six months ended 30 June 2018: RMB2,029 million) through transfer from construction in progress and RMB624 million through consolidation of a former joint venture (six months ended 30 June 2018: Nil).

During the six months ended 30 June 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB37.33 million (six months ended 30 June 2018: RMB29.74 million) for cash proceeds of RMB4.03 million (six months ended 30 June 2018: RMB5.97 million), resulting in a loss on disposal of RMB33.30 million (six months ended 30 June 2018: loss on disposal of RMB23.77 million).

During the six months ended 30 June 2019, the carrying value of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreement newly signed by the Group for financing purposes (Note 18(a)) during the period was RMB326 million (six months ended 30 June 2018: Nil).

### 12. CONSTRUCTION IN PROGRESS

The acquisition and transfer of items of construction in progress during the six months ended 30 June 2019 and 2018 are as follows:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Additions	<b>3,089,033</b>	5,218,233
Transfer to property, plant and equipment	<b>(9,676,285)</b>	(2,029,406)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 13. OTHER NON-CURRENT ASSETS

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
– Other long-term receivables with fixed-rate and non-current feature (Note (ii))	<b>367,288</b>	352,303
Deductible VAT and other tax	<b>2,273,599</b>	2,487,613
Deferred differences arising from sale and leaseback arrangements (Note (i))	<b>459,119</b>	520,562
	<b>3,100,006</b>	3,360,478
Less: impairment loss	<b>(97,861)</b>	(97,861)
	<b>3,002,145</b>	3,262,617

Notes:

- (i) Deferred differences arising from sale and leaseback arrangements represent the deficit of sale proceeds over the carrying amounts of the assets disposed under the sale and leaseback arrangements which resulted in finance lease. The differences are deferred and amortised as adjustments to the depreciation of the assets over their estimated useful lives.
- (ii) Other long-term receivables with fixed-rate and non-current feature that were past due but not impaired relate to an independent customer that have a good track record with the Group. Except for the impairment loss of approximately RMB98 million which is calculated based on 12-month expected credit losses (“ECLs”), management believes that no impairment allowance is necessary in respect of these remaining balances based on past experience, as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 14. TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors and bills receivable for sale of electricity	<b>8,752,425</b>	9,090,233
Trade debtors and bills receivable for sale of heat	<b>933,309</b>	622,883
Trade debtors and bills receivable for sale of coal	<b>1,232,119</b>	1,210,698
	<b>10,917,853</b>	10,923,814
Less: allowance for impairment	<b>(254,768)</b>	(253,431)
	<b>10,663,085</b>	10,670,383

The ageing analysis of trade debtors and bills receivable (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<b>9,162,803</b>	9,975,584
1 to 2 years	<b>1,413,663</b>	630,882
2 to 3 years	<b>27,041</b>	5,846
Over 3 years	<b>59,578</b>	58,071
	<b>10,663,085</b>	10,670,383

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 15. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2019	At 31 December 2018
	<i>RMB' 000</i>	<i>RMB' 000</i>
Financial assets		
– Dividends receivable	656,835	777,593
– Deposits	122,695	143,989
– Other receivables	1,476,543	1,405,724
	<b>2,256,073</b>	2,327,306
Less: allowance for impairment ( <i>Note</i> )	<b>(427,250)</b>	(418,000)
	<b>1,828,823</b>	1,909,306
Deductible VAT	<b>2,323,979</b>	2,466,120
Prepayments	<b>543,471</b>	322,239
Others	<b>58,485</b>	58,493
	<b>4,754,758</b>	4,756,158

*Note:*

ECLs are estimated by applying a loss rate approach with reference to the historical loss record of the Group. 12-month ECLs are applied as there has no significant increase in credit risk since initial recognition. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 30 June 2019, 12-month ECLs of the Group amounted to RMB427 million (31 December 2018: RMB418 million), including allowance for impairment on receivables on Certified Emission Reductions of RMB85 million (31 December 2018: RMB85 million).

### 16. RESTRICTED DEPOSITS

Restricted deposits mainly represent performance bonds and frozen deposits at banks and other financial institutions with maturity of over three months.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 17. CASH AND CASH EQUIVALENTS

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and in hand	<b>2,059,277</b>	420,309
Cash at other financial institutions	<b>7,143,982</b>	6,218,017
	<b>9,203,259</b>	6,638,326

### 18. BORROWINGS

#### (a) Other loans

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Due:		
Within 1 year		
– short term other loans	<b>2,509,000</b>	2,839,000
– current portion of long term other loans	<b>3,158,180</b>	2,803,320
	<b>5,667,180</b>	5,642,320
After 1 year but within 2 years	<b>1,928,262</b>	1,935,262
After 2 years but within 5 years	<b>2,962,928</b>	3,282,968
After 5 years	<b>437,250</b>	328,520
	<b>5,328,440</b>	5,546,750
	<b>10,995,620</b>	11,189,070

Other loans are borrowed from China Huadian Finance Corporation Limited (“China Huadian Finance”), an associate of the Company, a fellow subsidiary of the Company, and other trust companies. Other loans bear interest rates ranging from 1.80% to 6.09% per annum as at 30 June 2019 (31 December 2018: 1.80% to 5.39% per annum), with maturities from 2019 to 2029 (31 December 2018: 2019 to 2028).

## Notes to the Condensed Consolidated Financial Statements (Continued)

*For the Six Months Ended 30 June 2019*

### 18. BORROWINGS (CONTINUED)

#### (a) Other loans (Continued)

Thereinto, certain subsidiaries of the Company had the sales and leaseback agreements with a fellow subsidiary (Note 27) and other financial leasing companies with contract terms of 5 years and 10 years respectively in order to sell certain property, generator and related machinery and equipment (Note 11) and at the meantime, lease back those assets during the six months ended 30 June 2019. According to the agreements, these subsidiaries have an option to buy back the equipment at a nominal price (RMB1 or 0) when the lease term expires. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period and repaid them in instalment. During the period ended 30 June 2019, the loans mentioned above bear interest rate ranging from 5.04% to 5.15% per annum (31 December 2018: Nil) and will be due from 2024 to 2029 (31 December 2018: Nil).

All of other loans are unsecured except for amounts totaling RMB261 million (31 December 2018: RMB195 million) in respect of certain subsidiaries, which are secured by the income stream in respect of the sale of electricity of these subsidiaries, and amounts totaling of RMB1,500 million (31 December 2018: RMB1,500 million) are secured by guarantee from China Huadian Corporation ("China Huadian"), and amounts totaling RMB280 million are secured by generators and related machinery with the total amount of RMB326 million. All of the other loans are denominated in RMB.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 18. BORROWINGS (CONTINUED)

#### (b) Short-term debentures payable

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Third tranche of super short-term debentures for the year of 2018	–	4,115,275
Fourth tranche of super short-term debentures for the year of 2018	<b>3,073,832</b>	3,018,962
First tranche of super short-term debentures for the year of 2019	<b>3,544,235</b>	–
Second tranche of super short-term debentures for the year of 2019	<b>3,024,460</b>	–
	<b>9,642,527</b>	7,134,237

On 25 January 2019, the Group issued the first tranche of super short-term debentures of 2019 in PRC interbank debenture market. The super short-term debentures was issued at a total par value of RMB3,500 million with a maturity period of 180 days and bears interest at 2.96% per annum. The tranche is unsecured.

On 13 March 2019, the Group issued the second tranche of super short-term debentures of 2019 in PRC interbank debenture market. The super short-term debentures was issued at a total par value of RMB3,000 million with a maturity period of 180 days and bears interest at 2.78% per annum. The tranche is unsecured.

During the current interim period, the Group repaid one tranches of super short-term debentures with a total principal amount of RMB4,000 million (six months ended 30 June 2018: repaid three tranches of super short-term debentures with a total principal amount of RMB6,000 million) at par value.

The effective interest rate of the debenture is ranged from 2.89% to 3.70% per annum (31 December 2018: from 3.70% to 4.75% per annum) after considering the effect of issue costs.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 18. BORROWINGS (CONTINUED)

#### (c) Long-term debentures payable

	At 30 June 2019	At 31 December 2018
	RMB'000	RMB'000
First tranche of medium-term notes for the year of 2014	–	2,597,864
First tranche of medium-term notes for the year of 2016	<b>1,989,738</b>	1,987,401
First tranche of medium-term notes for the year of 2017	<b>3,495,307</b>	3,494,489
Second tranche of medium-term notes for the year of 2017	<b>1,997,214</b>	1,995,657
First tranche of medium-term notes for the year of 2019	<b>2,997,309</b>	–
	<b>10,479,568</b>	10,075,411
Less: Long-term debentures due within one year	<b>(1,997,214)</b>	(2,597,864)
	<b>8,482,354</b>	7,477,547

On 2 April 2019, the Group issued the first tranche of medium-term debentures of 2019 in PRC interbank debenture market. The medium-term debentures was issued at a total par value of RMB3,000 million with a maturity period of 5 years and bears interest at 4.06% per annum. The tranche is unsecured.

During the current interim period, the Group repaid one tranche of medium-term notes with principal amount of RMB2,600 million (six months ended 30 June 2018: repaid one tranche of non-public private placement bonds with principal amount of RMB3,000 million) at par value.

The effective interest rates of the long-term debentures are ranged from 3.47% to 4.97% per annum (31 December 2018: from 3.47% to 6.29%) per annum after considering the effect of issue costs.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 19. TRADE CREDITORS AND BILLS PAYABLE

As at 30 June 2019, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<b>13,350,053</b>	14,057,094
1 to 2 years	<b>3,175,548</b>	3,110,936
Over 2 years	<b>2,295,447</b>	1,989,958
	<b>18,821,048</b>	19,157,988

### 20. OTHER PAYABLES

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities		
– Construction deposits	<b>1,462,423</b>	1,544,752
– Consideration payables on acquisitions	<b>638,983</b>	694,578
– Interest payables	<b>310,721</b>	506,404
– Wages payable	<b>774,182</b>	238,716
– Payables for installed capacity quota	<b>273,530</b>	273,530
– Payables for sewage charges	<b>34,402</b>	34,502
– Dividend payables to ordinary shareholders	<b>650,956</b>	–
– Dividend payables to non-controlling interests	<b>389,696</b>	331,176
– Distribution payables to holders of perpetual capital securities	<b>366,940</b>	–
– Current portion of long-term payables (Note (i))	<b>65,350</b>	65,350
– Others (Note (ii))	<b>1,912,582</b>	1,819,214
	<b>6,879,765</b>	5,508,222
Other tax payables	<b>851,491</b>	1,279,563
Contract liabilities	<b>265,985</b>	1,375,579
	<b>7,997,241</b>	8,163,364

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 20. OTHER PAYABLES (CONTINUED)

Notes:

- (i) Current portion of long-term payables mainly represents the current portion of a long-term payable to local government for mining rights.
- (ii) Others mainly include payables on service fees, rental and other miscellaneous items. Other miscellaneous items included the relevant provision of RMB349 million for the loss of the equity transfer dispute of the subsidiary, Inner Mongolia Haoyuan Coal Company Limited (“內蒙古浩源煤炭有限公司”).
- (iii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

### 21. DEFERRED INCOME

Deferred income represents the unearned portion of upfront installation fees received from customers for connecting the customers' premises to the heat network of the Group. The amount is deferred until completion of the installation work and recognised in profit or loss in equal instalments over the expected service terms of the relevant services.

The upfront installation fee recognised for the six months ended 30 June 2019 amounting to RMB92 million (six months ended 30 June 2018: RMB90 million) is included in “Other revenue and net income” in the condensed consolidated statement of profit or loss and other comprehensive income.

### 22. DIVIDENDS

- (a) A final dividend of RMB0.066 per share in respect of the year ended 31 December 2018 (six months ended 30 June 2018: RMB0.018 per share in respect of the year ended 31 December 2017) was declared to the equity shareholders of the Company and approved on 26 June 2019. The aggregate amount of the final dividend declared approximately amounted to RMB651 million (six months ended 30 June 2018: approximately RMB178 million).
- (b) The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## Notes to the Condensed Consolidated Financial Statements (Continued)

*For the Six Months Ended 30 June 2019*

### 23. PERPETUAL CAPITAL SECURITIES

In 2018, the Company issued 6 tranches of public perpetual capital securities, which included (1) 1st tranche of renewable debentures of 2018 in public market (Type 1); (2) 1st tranche of renewable debentures of 2018 in public market (Type 2); (3) 2nd tranche of renewable debentures of 2018 in public market (Type 1); (4) 2nd tranche of renewable debenture of 2018 in public market (Type 2); (5) 1st tranche of perpetual notes 2018; and (6) 2nd tranche of perpetual note 2018, to third parties with an aggregate principal amount of RMB9 billion. During the six months ended 30 June 2019, the Company issued 2 tranches of public perpetual capital securities, which included (7) 2nd tranche of medium-term note of 2019 (Type 1) and (8) 2nd tranche of medium-term note of 2019 (Type 2), to third parties with an aggregate principal amount of RMB3 billion.

The perpetual capital securities are issued at par value with a range of initial distribution rate from 4.25% to 5.20%. The interests of perpetual capital securities are recorded as distributions, which are payable annually after the approval of the Directors of the Company and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occurred.

The perpetual capital securities have no fixed maturity date and are redeemable at the Company's discretion in whole in July 2021, July 2023, August 2021, August 2023, October 2021, November 2021, June 2022 and June 2024 respectively, the payment of the principal may be deferred for each renewable period as 3 or 5 years. The applicable distribution rate will be reset on first call date and each renewal period after first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The Directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay any distribution for the perpetual capital securities. Therefore, the perpetual capital securities are classified as equity instrument and recorded in equity in the condensed consolidated statement of financial position. During the six months ended 30 June 2019, the profit attributable to holders of perpetual capital securities, based on the applicable distribution rate, was approximately RMB221 million.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 23. PERPETUAL CAPITAL SECURITIES (CONTINUED)

Movement of the Perpetual Capital Securities is as follows:

	Principal	Distribution	Total
	RMB' 000	RMB' 000	RMB' 000
As at 31 December 2018	8,963,199	145,576	9,108,775
Issue of perpetual capital securities	2,994,072	–	2,994,072
Profit attributable to holders of perpetual capital securities	–	221,364	221,364
Distributions payable to holders of perpetual capital securities	–	(366,940)	(366,940)
As at 30 June 2019	<u>11,957,271</u>	<u>–</u>	<u>11,957,271</u>

### 24. CAPITAL COMMITMENTS

The Group had capital commitments as at 30 June 2019 and 31 December 2018 as follows:

	At 30 June 2019	At 31 December 2018
	RMB' 000	RMB' 000
Contracted for but not provided in the condensed consolidated financial statements		
– Development of power plants	7,552,314	8,989,148
– Improvement projects and others	845,658	1,085,873
	<u>8,397,972</u>	<u>10,075,021</u>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 25. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(4,342,115)	(7,378,235)
Proceeds from sale of property, plant and equipment	4,031	5,972
Investment in financial assets at fair value through profit or loss	(300)	(300)
Investments in associates	(157,528)	(11,753)
Interest received	50,633	59,243
Withdrawal of restricted deposits	533	2,110
Placement of restricted deposits	(8,076)	(149,893)
Dividends received	224,546	222,198
Cash received from disposal of a subsidiary in previous year	–	108,764
Cash and cash equivalents acquired from business combination (Note 26)	10,685	–
Cash received from disposal of financial assets at fair value through profit or loss	–	11,030
Entrusted loan to an associate	(15,000)	–
Other investing activities	93,701	11,693
Net cash used in investing activities	<b>(4,138,890)</b>	<b>(7,119,171)</b>
<b>Financing activities</b>		
Debtentures		
– Net proceeds from debtentures	9,500,000	8,800,000
– Repayment of debtentures	(6,600,000)	(9,000,000)
Loans		
– Proceeds from loans	24,461,580	32,936,976
– Repayment of loans	(29,460,184)	(29,488,749)
Lease liabilities/obligations under finance leases		
– Lease payment under sale and leaseback arrangements	–	(274,473)
– Payment for lease liabilities	(441,716)	–
Bills financing		
– Proceeds from bank acceptance bills discounted	130,000	652,752
– Repayment of bank acceptance bills	(140,000)	(1,743,895)
Issue of perpetual capital securities	3,000,000	–
Capital injection from non-controlling interests	86,454	207,032
Dividends paid to non-controlling interests	(70,526)	(36,577)
Other financing activities	(38,743)	(36,810)
Net cash generated from financing activities	<b>426,865</b>	<b>2,016,256</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 26. BUSINESS COMBINATION

On 2 January 2019, the articles of association of the Group's former joint venture, Huadian Taiqian Photovoltaic Power Generation Company Limited ("Taiqian Photovoltaic") were amended that the Group can appoint three out of five directors in the board of the directors. Accordingly, control over Taiqian Photovoltaic with 50% (31 December 2018: 50%) equity interest was achieved by the Group since 2 January 2019 and became a non-wholly owned subsidiary of the Group. Taiqian Photovoltaic is principally engaged in the solar power generation.

The fair value of identifiable assets and liabilities of Taiqian Photovoltaic as at the date of deemed acquisition were:

	<i>RMB' 000</i>
<b>Assets</b>	
Cash and cash equivalents	10,685
Trade debtors and bills receivable	112,780
Deposits, other receivables and prepayments	2,109
Property, plant and equipment	624,431
Other non-current assets	71,019
Right-of-use assets	39,669
	860,693
<b>Liabilities</b>	
Borrowing	550,889
Trade creditors and bills payable	49,566
Deferred tax liabilities	384
Other payables	1,925
Lease liabilities	39,669
	642,433
<b>Net assets</b>	218,260
Less: non-controlling interests	108,923
	109,337
Fair value of share of net assets from subsidiary at deemed acquisition date	109,337
	108,761
Book value of share of net assets from subsidiary at deemed acquisition date	108,761
	576
<b>Gain on deemed acquisition</b>	576
<b>Goodwill arising on deemed acquisition</b>	
Investment cost	109,337
Add: Non-controlling interests	108,923
Less: Recognised amount of identifiable net assets acquired	(218,260)
	-
Goodwill on deemed acquisition	-

## Notes to the Condensed Consolidated Financial Statements (Continued)

*For the Six Months Ended 30 June 2019*

### 26. BUSINESS COMBINATION (CONTINUED)

#### Non-controlling interests

The non-controlling interests recognised at the date of deemed acquisition were measured by reference to the proportionate share of the recognised value of the net identifiable assets of Taiqian Photovoltaic at the date of deemed acquisitions and amounted to RMB108,923,000.

#### Impact of deemed acquisition on the results of the Group

Since the deemed acquisition date, Taiqian Photovoltaic has contributed RMB73,686,000 and RMB39,523,000 to Group's turnover and profit or loss respectively. There would have been no change in the Group's turnover and profit if the deemed acquisition had occurred on 1 January 2019.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian	Parent company of the Company
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Inner Mongolia Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Capital Holdings Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Advanced Training Centre	A fellow subsidiary of the Company
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of the Company
Huadian Shaanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Fuxin Energy Limited Company and its subsidiaries	Fellow subsidiaries of the Company
Hubei Huadian Wuchang Thermal Power Company Limited	A fellow subsidiary of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
China Huadian Clean Energy Company Limited	A fellow subsidiary of the Company



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture (Continued)

Name of related parties	Nature of relationship
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of the Company
Hunan Huadian Changsha Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Hunan Huadian Changde Power Generation Company Limited	A fellow subsidiary of the Company
Guizhou Wujiang Hydroelectric Development Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Hong Kong Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Science And Technology Research Institutes Company Limited	A fellow subsidiary of the Company
Huadian Xinjiang Power Generation Company Limited	A fellow subsidiary of the Company
Zhejiang Huadian Wuxijiang Hydropower Company Limited	A fellow subsidiary of the Company
Huadian Electric Power Research Institute Company Limited	A fellow subsidiary of the Company
Huadian Xizang Energy Company Limited	A fellow subsidiary of the Company
China Huadian Finance Corporation Limited	An associate of the Group
Sichuan Huayingshan Longtan Coal Company Limited ("Longtan Coal Company")	An associate of the Group
Huadian Coal Industry Group Company Limited	An associate of the Group
Ningxia Yinxing Coal Company Limited	An associate of the Group
Inner Mongolia Fucheng Mining Company Limited	An associate of the Group
Shuo Zhou Tong-coal Wantongyuan Coal Transportation and Sales Company Limited	An associate of the Group
CNNP CHD Hebei Nuclear Power Company Limited	An associate of the Group
Otog Front Banner Changcheng Mine Company Limited	An associate of the Group
Otog Front Banner Changcheng No.3 Mining Company Limited	An associate of the Group

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture (Continued)

Name of related parties	Nature of relationship
Otog Front Banner Changcheng No.5 Mining Company Limited	An associate of the Group
Ningxia Zhongning Power Generation Company Limited	An associate of the Group
Lu'an Municipal Thermal Power Generation Company Limited	An associate of the Group
Suzhou Industrial Investment Group Co, Ltd.	An associate of the Group
Beijing Huabin Investment Company Limited	A subsidiary of an associate of the Group
Beijing Huabin Property Management Company Limited	A subsidiary of an associate of the Group
Ningxia Ningdong Railway Corporation Limited	A subsidiary of an associate of the Group
Yanzhou Coal Mining Company Limited ("Yanzhou Coal") (Note(i))	A connected person of the Group
Shaanxi Coal Transportation and Marketing (Group) Company Limited ("Shaanxi Coal Transportation and Marketing") (Note(ii))	A connected person of the Group

*Notes:*

- (i) Yanzhou Coal is a substantial minority shareholder of a non-wholly owned subsidiary of the Company.
- (ii) Shaanxi Coal Transportation and Marketing is a company of a substantial minority shareholder of a non-wholly owned subsidiary of the Company.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture (Continued)

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the six months ended 30 June 2019 and 2018:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<i>Sale of electricity to</i>		
A fellow subsidiary	<b>18,973</b>	1,762
<i>Purchase of electricity from</i>		
A fellow subsidiary	<b>3,796</b>	23,158
<i>Sale of coal to</i>		
Fellow subsidiaries	<b>4,908,914</b>	5,886,272
A connected person	<b>12,503</b>	5,808
<i>Purchase of coal from</i>		
Associates	<b>1,524,046</b>	1,026,762
Fellow subsidiaries	<b>624,735</b>	413,286
A connected person	<b>1,603,217</b>	1,481,734
<i>Purchase of natural gas from</i>		
A fellow subsidiary	<b>190,427</b>	–
<i>Sale of construction service and equipment to</i>		
Fellow subsidiaries	<b>9,152</b>	254,629
<i>Purchase of construction service and equipment from</i>		
Fellow subsidiaries	<b>637,034</b>	1,271,251

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture (Continued)

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<i>Loans provided to</i>		
An associate	15,000	–
<i>Loans obtained from</i>		
China Huadian	150,000	–
An associate	2,818,590	4,960,000
A fellow subsidiary	209,962	–
<i>Loans repaid to</i>		
China Huadian	150,000	–
An associate	3,220,040	5,547,000
A fellow subsidiary	46,000	–
<i>Bills receivable discounted to</i>		
An associate	280,000	922,240
<i>Derecognised bills receivable collected by</i>		
An associate	215,000	852,240
<i>Lease payment/lease payment under sales and leaseback arrangement to</i>		
A fellow subsidiary	50,941	45,796
<i>Financing received under sales and leaseback arrangement from</i>		
A fellow subsidiary	–	118,941
<i>Interest paid to</i>		
China Huadian	40,257	40,291
An associate	180,651	199,805
A fellow subsidiary	1,075	–

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture (Continued)

	Six months ended 30 June	
	2019	2018
	RMB' 000	RMB' 000
<i>Interest received from Associates</i>	<b>45,281</b>	44,050
<i>Rental and property management service expenses paid to Associates</i>	<b>28,457</b>	28,185
<i>Fellow subsidiaries</i>	<b>6,900</b>	5,533
<i>Other services expenses paid to China Huadian Associates</i>	<b>51,964</b>	51,297
<i>Fellow subsidiaries</i>	<b>12,392</b>	11,267
<i>Fellow subsidiaries</i>	<b>46,114</b>	52,007
<i>Additional capital injection in Associates</i>	<b>157,528</b>	118,940

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture (Continued)

The balances due from/(to) shareholders, fellow subsidiaries and associates are as follows:

	At 30 June 2019	At 31 December 2018
	RMB'000	RMB'000
<i>Construction in progress-construction and construction material prepayments</i>		
Fellow subsidiaries	<b>518,740</b>	471,967
<i>Trade debtors and bills receivable</i>		
Fellow subsidiaries	<b>822,498</b>	701,965
<i>Deposits, other receivables and prepayments</i>		
Associates	<b>134,583</b>	73,555
Fellow subsidiaries	<b>371,737</b>	365,533
A connected person	<b>57,776</b>	24,810
<i>Other long-term receivables</i>		
An associate	<b>269,427</b>	254,442
<i>Cash and cash equivalents and restricted deposits</i>		
An associate	<b>7,163,982</b>	6,218,017
<i>Loans from a shareholder</i>		
China Huadian	<b>(1,750,000)</b>	(1,750,000)
<i>Other loans</i>		
An associate	<b>(7,760,531)</b>	(8,161,981)
A fellow subsidiary	<b>(163,962)</b>	-

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions with shareholders, fellow subsidiaries and associates and a joint venture (Continued)

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Trade creditors and bills payable</i>		
China Huadian	<b>(35,792)</b>	(12,049)
Associates	<b>(610,714)</b>	(191,807)
Fellow subsidiaries	<b>(2,696,499)</b>	(2,957,941)
Connected person	<b>(302,150)</b>	(41,648)
<i>Other payables</i>		
China Huadian	<b>(36,993)</b>	(34,973)
An associate	<b>(10,564)</b>	(12,095)
Fellow subsidiaries	<b>(548,961)</b>	(598,540)
<i>Contract liabilities</i>		
Fellow subsidiaries	<b>(21,705)</b>	(10,987)
<i>Lease liabilities/obligations under finance leases</i>		
A fellow subsidiary	<b>(1,439,228)</b>	(1,406,292)

Notes:

- (i) At 30 June 2019, Sichuan Guang'an Power Generation Company Limited ("Guang'an Company"), a subsidiary of the Company, provided guarantees to banks for loans amounting to RMB43.58 million (31 December 2018: RMB43.65 million) which were granted to Longtan Coal Company, an associate of Guang'an Company.
- (ii) At 30 June 2019, China Huadian provided guarantee to banks for loans granted to the Group amounting to RMB2,764 million (31 December 2018: RMB2,925 million).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Transactions with key management personnel

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Salaries and other emoluments	120	120
Retirement benefits	244	166
Bonuses	1,461	1,456
	<b>1,825</b>	<b>1,742</b>

#### (c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 30 June 2019 and 31 December 2018, there was no material outstanding contribution to the post-employment benefit plans.

#### (d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("other government-related entities"). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Transactions with other government-related entities in the PRC (Continued)

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the condensed consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

- sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the six months ended 30 June 2019, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 97% of its sale of electricity.

- depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- other transactions

Other collectively significant transactions with other government-related entities include a large portion of fuel purchases, and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (e) Commitment with related parties

Commitment with related parties is as follows:

	At 30 June 2019	At 31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Capital commitment	<b>810,344</b>	766,545
Commitment on properties rental and management fees	<b>11,338</b>	120,880

### 28. CONTINGENT LIABILITIES

As at 30 June 2019, some subsidiaries of the Company were the defendant in certain lawsuits for events incurred before the acquisition date. At the end of reporting period, the lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

Apart from these litigations and/the above guarantees disclosed in note 27(a)(i), the Group has no other material contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENT

#### (a) Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 30 June 2019	At 31 December 2018		
Financial asset at FVPL – unlisted equity securities in the condensed consolidated statement of financial position	280,630	280,330	Level 3	The financial assets at FVPL are unlisted equity securities. The fair value is estimated by the management. The fair value is measured by applying income approach and after considering the expected distributable profits of the investment discounted by a range of discount rate from 9.40% to 13.51%.

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the Six Months Ended 30 June 2019

### 29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENT (CONTINUED)

#### (b) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

	30 June 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fixed rate borrowings and debentures payable	<b>10,960,126</b>	<b>10,906,415</b>	10,745,310	10,672,541

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the Group entities.

## Notes to the Condensed Consolidated Financial Statements (Continued)

*For the Six Months Ended 30 June 2019*

### 30. LIQUIDITY RISK MANAGEMENT

The Group expose to liquidity risks which arising in the normal course of the Group's business. The financial risk management policies and practices used by the Group to manage the risks are described below.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At the end of reporting period, the Group had net current liabilities of RMB45,194 million (31 December 2018: RMB49,762 million). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of RMB139.1 billion as at 30 June 2019 (31 December 2018: RMB136.5 billion) and an aggregate amount of debentures of RMB35 billion (31 December 2018: RMB40.9 billion) registered in the PRC interbank debenture market which has not been issued as at 30 June 2019.

### 31. EVENTS AFTER THE REPORTING PERIOD

On 16 July 2019, the Company issued the third tranche of super short-term debentures for the year of 2019. The face value is RMB100 per super short-term debentures and it was issued at a total par value of RMB3.5 billion with 90 days period and bears interest at 2.50% per annum.

On 19 July 2019, the Company issued the fourth tranche of super short-term debentures for the year of 2019. The face value is RMB100 per super short-term debentures and it was issued at a total par value of RMB3 billion with 180 days period and bears interest at 2.78% per annum.