華電福新能源股份有限公司
HUADIAN FUXIN ENERGY CORPORATION LIMITED
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 00816

2019
ANNUAL REPORT

Contents

Chairman's Statement

Chairman - Huang Shaoxiong

Dear Shareholders,

In 2019, Huadian Fuxin adhered to "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" as its guiding principle, remained its original aspiration and assumed its mission, overcame various difficulties, and actively responded to the challenges, optimized investment, improved efficiency and focused on management. We vigorously pushed the implementation of the "2858" development strategy of the Company, and achieved positive results in each work. Economic benefits recorded a new high. Profit attributable to equity holders for the year was RMB2,415.72 million, increased by 6.5% year on year, and operating revenue reached RMB19,775.91 million, increased by 7.9% year on year. Huadian Fuxin concentrated on clean energy development, and reserved a large number of high-quality sources of wind and solar power projects in places such as Inner Mongolia, Sichuan and Tibet; the Company made steady progress regarding acquisition of wind and solar power projects in Shaanxi, Guangxi and other regions and the preliminary works of overseas projects. As of the end of 2019, its consolidated installed capacity amounted to 16,453.1 MW, of which 78.1% was attributed to clean energy. Financing function is fully demonstrated. The financing size of green asset-backed notes and perpetual medium-term notes issued for the year exceeded RMB4,000 million. The Company won the "Jiefu Award" ("介甫獎") again and the "Most Valuable Investment Award" in 2019 China Financial Market Award.

During this period and the following period, there are still many favorable conditions and active factors in the development of the economic society of China. The fundamental trend of sound stability and long-term improvement has not been changed. The energy industry features low-carbon, diversity, market orientation, intelligence and internationalization, in which clean and low carbon are mainstream; integrated energy of multi-energy synergistic supply ushers in new development opportunities, market-oriented reforms in the energy industry are pushed forward, the integration of the new generation of information technology and energy industry has been accelerated, and the international cooperation in energy has been deepened. Huadian Fuxin will adhere to the concept of new development, maintain its strategic determination, stand more firmly to the clean development, grasp new opportunities, respond to new challenges, seize the momentum, seek progress in stability, and comprehensively improve the Company's sustainable development capability.

2020 is the ending year for China to build a moderately prosperous society in all respects and the "Thirteenth Five-Year Plan". Huadian Fuxin will continue to delve into and act on with Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, make great effort to overcome the impact of the epidemic of novel coronavirus pneumonia, strive to improve its high quality development, efficiency, capital operation, market value management, governance system and governance capability, determine and make every effort to implement the "Thirteenth Five-Year Plan" strategy, scientifically plan the "Fourteenth Five-Year Plan" strategy of the Company and speed up to build itself into an internationally leading listed clean energy company featuring clean, low carbon, safety and high efficiency, thereby delivering better returns to shareholders and contributing more to the building of ecological civilization and a beautiful China.

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

Chairman
Huang Shaoxiong

General Manager's Statement

General Manager - Wu Jianchun

Dear Shareholders:

In 2019, in the face of severe and complicated internal and external situation, under the strong leadership of the Board, all cadres and employees remained the original aspiration, took the initiative to face difficulties and maintained a sound business development trend.

The Company adhered to the "2858" development strategy, insisted on the main investment direction of clean energy, especially the non-fossil energy, and constantly optimized its investment structure to improve its core competitiveness. The Company actively participated in the development of clean energy bases, and obtained the investment right of 1,500 MW photovoltaic project in Gongjuelatuo, Tibet, realizing a new breakthrough in the development of Sichuan and Tibet. The Company closely followed the progress of the ultra-high voltage wind power base project and the construction of the wind power project connected to transmission networks in Zhenglan Banner in Inner Mongolia and Laojun Temple in Mulei, Xinjiang has started. The Company sequentially promoted the development of offshore wind power projects. The offshore wind power project in Fuqing Haitan Strait has been fully started and various operating conditions for offshore wind power in Zhejiang Yuhuan and Guangdong Yangjiang have been implemented proactively. During the year, there were 38 projects under construction, with an added grid-connected capacity of 218.2 MW, and the aggregate consolidated wind power installed capacity of the Company exceeded 8,000 MW. Significant results have been achieved in improving quality and efficiency, with a bumper harvest in operating results, in particular of which, the Company's power generation for the year amounted to 47,696,505.4 MWh. The Company recorded a profit before taxation of RMB3,234 million, and a liability-to-asset ratio decreased by 3.62 percentage points year on year to 65.82%, which recorded a new low. The benefits of the hydropower and coal-fired power sector have steadily increased, and the synergy advantage has been fully brought into play. Fine procurement helped the coal-fired power sector achieve profit turnaround. The Company seized the favorable opportunity of lush rain, conducted scientific management works in flood prevention, power generation and equipment, achieving hydropower generation amounted to 9,461,387.0 MWh for the year of 2019, representing an increase of 63.4% over the previous year. The Company proactively developed special improvement events of wind power usage hour and gas-fired distributed energy management benefits and leveled up the management of production and operation and project profitability capability. The Company continued to take advantage in direct financing, made great effort to decrease the financing costs, issued various bonds successfully and the interest rate issued achieved a record low in electricity industry. The Company thoroughly implemented the decisions and arrangements regarding preventing and resolving the significant risks released by General Secretary, Xi Jinping, thus achieving standardized corporate governance operation and risk prevention and control with evidence.

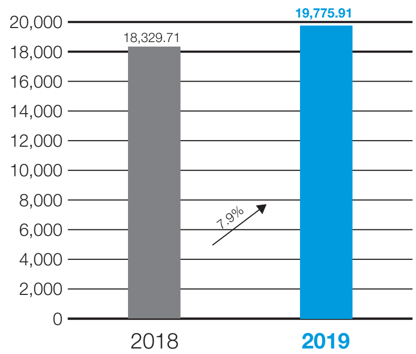
In 2020, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively respond to the various difficulties from the epidemic of novel coronavirus pneumonia. The Company will proactively advance the capital operation, speed up the pace of leading innovation, adhere to act on the new development concept, continue to play the role of investment and financing, proceed to launch benchmarking management, keep strengthening the overall risk prevention and control, further reinforce the modernization building of cooperate governance system and governance capability and strive to open up the new dimension of high quality listed company, thereby delivering better returns to all shareholders.

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

General Manager
Wu Jianchun

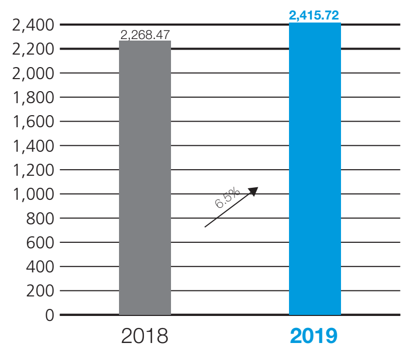
1. REVENUE

Revenue *(RMB'000,000)*



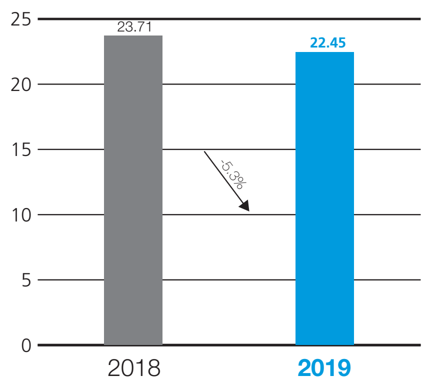
2. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company *(RMB'000,000)*



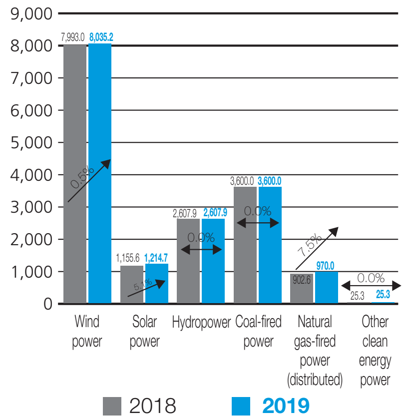
3. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share *(RMB cents/share)*



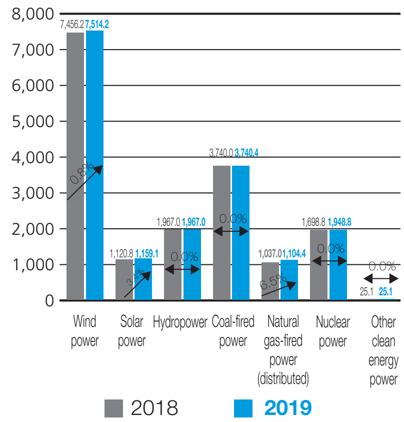
4. CONSOLIDATED INSTALLED CAPACITY

Consolidated installed capacity *(MW)*



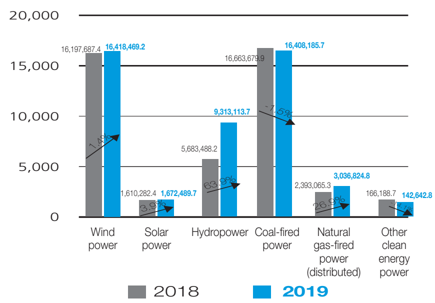
5. ATTRIBUTABLE INSTALLED CAPACITY

Attributable installed capacity *(MW)*



6. TOTAL ELECTRICITY SALES

Total electricity sales *(MWh)*



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

	2015 *RMB'000*	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	**2019** ***RMB'000***
Revenue	15,432,874	15,997,504	16,812,679	18,329,707	**19,775,911**
Other income and gains	154,495	179,733	210,194	342,803	**323,605**
Operating expenses	(10,773,139)	(10,770,223)	(12,162,147)	(13,863,444)	**(15,042,315)**
Operating profit	4,814,230	5,407,014	4,860,726	4,809,066	**5,057,201**
Net Profit	2,241,331	2,668,435	2,465,504	2,472,716	**2,691,496**
Attributable to:					
Equity holders of the Company	1,925,141	2,068,490	2,117,043	2,268,468	**2,415,720**
Non-controlling interests	316,191	599,945	348,461	204,248	**275,776**
Total comprehensive income for the year	2,267,973	2,639,574	2,444,983	2,281,681	**2,692,670**
Attributable to:					
Equity holders of the Company	1,951,782	2,039,629	2,096,522	2,077,433	**2,416,894**
Non-controlling interests	316,191	599,945	348,461	204,248	**275,776**
Basic and diluted earnings per share *(RMB cents)*	21.94	23.23	23.62	23.71	**22.45**

5 Years Summary of Consolidated Statement of Financial Position

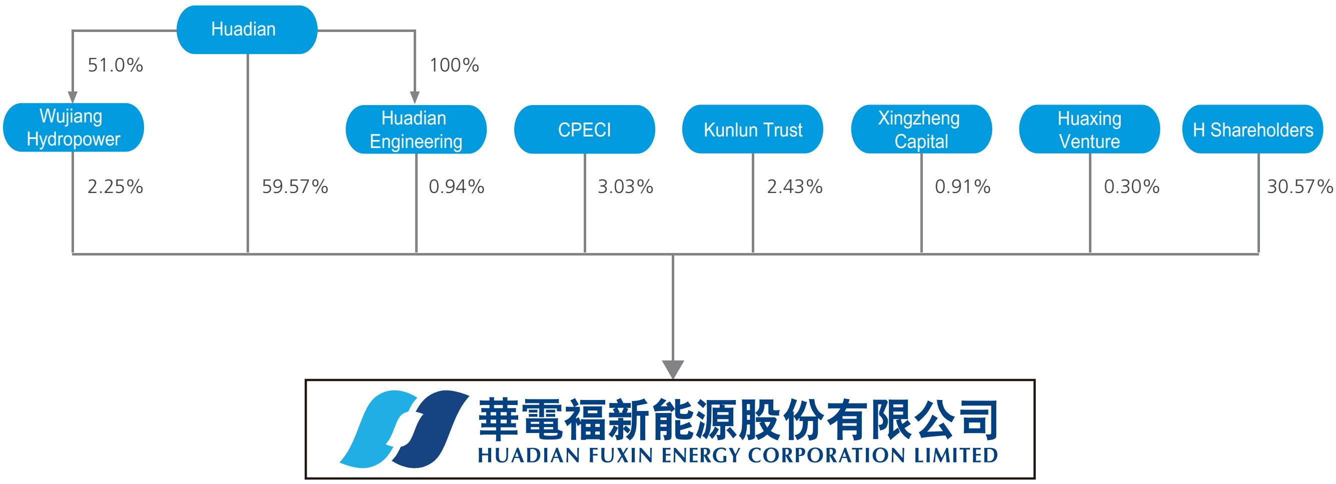
	2015 *RMB'000*	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	**2019** ***RMB'000***
Total non-current assets	90,374,602	93,373,271	95,915,132	96,146,467	**98,651,831**
Total current assets	8,399,957	9,906,620	11,324,726	12,157,108	**13,558,812**
Total assets	98,774,559	103,279,891	107,239,858	108,303,575	**112,210,643**
Total current liabilities	28,103,753	26,218,337	25,366,382	19,344,763	**22,274,509**
Total non-current liabilities	49,498,756	54,065,778	55,406,378	55,856,905	**51,584,794**
Total liabilities	77,602,509	80,284,115	80,772,760	75,201,668	**73,859,303**
Net assets	21,172,050	22,995,776	26,467,098	33,101,907	**38,351,340**
Total equity attributable to equity holders of the Company	18,499,314	20,100,973	23,424,367	30,055,383	**35,060,682**
Non-controlling interests	2,672,736	2,894,803	3,042,731	3,046,524	**3,290,658**
Total equity	21,172,050	22,995,776	26,467,098	33,101,907	**38,351,340**

Huadian Fuxin Energy Corporation Limited ("**Huadian Fuxin**"), a member of China Huadian Corporation Ltd. ("**China Huadian**"), is a diversified listed clean energy company. Huadian Fuxin got listed on the Hong Kong Stock Exchange (Stock Code: 00816) in June 2012 with a registered capital of RMB8,407.9 million.

Huadian Fuxin possesses a diversified portfolio of power generation business covering wind power, photovoltaic, hydropower, coal-fired power, natural gas-fired (distributed) power, nuclear power, biomass power, etc. All coal-fired power and hydropower generating asset are located in Fujian, while wind and solar power and other new energy projects are distributed across 27 provinces, cities and autonomous regions in China and Europe. As at the end of 2019, Huadian's total assets amounted to RMB112,210.6 million. Its consolidated installed capacity amounted to 16,453.1 MW, including 8,035.2 MW in wind power, 1,214.7 MW in solar energy power generation, 2,607.9 MW in hydropower, 3,600.0 MW in coal-fired power, 970.0 MW in natural gas-fired (distributed) power and 25.3 MW in biomass energy. In addition, Huadian Fuxin is also the platform of China Huadian for developing nuclear power, holding 39% equity interest in Fujian Fuqing Nuclear Power Company Limited ("**Fuqing Nuclear Power Plant**") and 10% equity interest in Zhejiang Sanmen Nuclear Power Company Limited ("**Sanmen Nuclear Power Plant**").

The Company aims for building itself into an internationally leading listed clean energy company featuring low carbon, safety and high efficiency, constantly optimizes the power generation structure and scientific and reasonable distribution, vigorously develops balanced and coordinated development of its wind power, solar power, hydropower, coal-fired power, natural gas-fired power and nuclear power segments, with distinctive characteristics of clean energy orientation, diversification and internationalization; Huadian Fuxin adheres to the advancement of scientific innovation, continues to improve the sustainable development capability and actively performs social responsibility, thereby building a sound corporate image.

As at 31 December 2019, the shareholding structure of the Company is as follows:



On 12 January, the Company was included in "2018 Energy Innovation in China – List of New Energy Investment Category" at the Press Conference of 2018 China Energy Enterprises Innovation List and Energy Innovation Summit Forum held in Beijing.

On 22 January, the Company held the 2019 work conference and the second meeting of the first session of the employee representative meeting in Beijing, to further study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the "19th National Congress of the Communist Party of China", as well as the spirit of 2019 work conference of China Huadian. The Company reviewed the work in 2018, analyzed the situation facing, deployed tasks in 2019 to ensure that the annual target tasks would be fully completed, and strived to build a clean, low-carbon, safe and efficient world-class clean energy listed company.

On 20 March, the single-day power generation of the wind power segment of the Company reached 86,530 MWh, hitting a historical new high, accounting for 51.9% of the total power generation on that day and breaking the historical record of the single-day wind power generation capacity of 83,310 MWh on 6 April 2018, which made the wind power generation reach a new level.

On 25 March, the Company successfully held a press conference to announce its 2018 annual results in Hong Kong, announcing the annual results ended 31 December 2018, which was followed by results roadshows in Hong Kong and Singapore.

On 14 June, the Company successfully issued green asset-backed notes in a total size of RMB609.0 million at the rate of 4.08%, a record low for the targeted issuance of the power industry. The successful issuance of ABN was an important measure for the Company to actively implement the concept of green development and innovation, and implement the decision-making and deployment of SASAC and group companies on "reducing leverage, reducing liabilities, and preventing risks", which helped to further optimize the financial structure and promote the high-quality development of the Company.

On 21 June, the 2018 annual general meeting of the Company was held in Beijing, a total of 12 proposals were considered and voted by the shareholders' representatives at the general meeting, with each proposal passed at a rate exceeding 90%.

On 30 June, the Company completed an annual accumulated power generation of 24,060,269.9 MWh, representing a year-on-year increase of 10.6% and completed 106.8% of the schedule of power generation plan, which laid a solid foundation for the improvement of the operating results of the Company.

In July, the 2019 China Finance Awards was announced in Hong Kong. Upon independent application and expert evaluation, the Company won the award of "Most Valuable Investment", which is the third time that the Company has won the award.

On 23 August, the Company convened the interim Board meeting and meeting of Board of Supervisors to consider and approve the proposals related to 2019 interim results of the Company and formed resolutions, which was followed by results roadshow in Germany.

In November, the Ping'an Huadian Fuxin green asset-backed scheme subsidized with the funds for tariff premium of renewable energy ("**National Subsidy**") issued by the Company won the Annual Green Financial Asset Securitization Market Recognised Product Award • Jiefu Award again.

In November, the "Innovation and Practice of Asset Securitization Project Management Based on Renewable Energy Power Generation Business" project of the Company won the first prize of "2019 Power Technology Innovation Award" by CEC. The Company closely followed the direction of national development and became the first issuer of asset securitization products on the Shanghai Stock Exchange that took into account the concept of "green + poverty alleviation + the Belt and Road Initiative", which has great significance of demonstration.

The Board hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2019 (the "Financial Statements").

SHARE CAPITAL

As of 31 December 2019, the total issued share capital of the Company was RMB8,407,961,520 divided into 8,407,961,520 shares with a par value of RMB1.00 each.

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

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

PRE-EMPTIVE RIGHTS

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

PRINCIPAL BUSINESS

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

RESULTS

The results of the Company and its subsidiaries for the year ended 31 December 2019 and the financial position of the Company and its subsidiaries as at 31 December 2019 are set out in the audited Financial Statements on pages 140 to 279. A discussion and analysis of the Company's performance and business review during the year and the material factors underlying its results, financial position, the financial key performance indicators, the future development of the Company's business and the principal risks and uncertainties are set out in the "Management Discussion and Analysis" on pages 47 to 61 and "Key Operating and Financial Data" on page 4 of this annual report.

PROFIT DISTRIBUTION

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

The Board recommended distributing a final dividend of RMB0.540 per 10 shares (tax inclusive) in cash for the year ended 31 December 2019 to shareholders, accounting for 30% of the attributable profit for the year. All dividends will be paid upon the approval by the shareholders at the annual general meeting of the Company.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

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

TAX CONCESSION

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

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2019 are set out in note 24 to the Financial Statements.

ISSUANCE OF DEBENTURES

To repay bank loans, replenish general working capital and repay existing financing, the Company issued two tranches of perpetual medium-term notes in the year of 2019. For further details about such issuance of debentures, please refer to notes 31 and 32 to the Financial Statements.

INFORMATION AND BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth data concerning the Directors, Supervisors and senior management of the Company for the year ended 31 December 2019 and up to the date of this annual report.

Name	Age	Position(s) held in the Company	Date of Appointment/ Re-election/Engagement/Re-appointment
Mr. HUANG Shaoxiong	57	Chairman of the Board Executive Director	Appointed on 25 August 2017
Mr. WU Jianchun	56	Executive Director General Manager	Appointed on 25 August 2017
Mr. DU Jiangwu	50	Executive Director	Appointed on 21 June 2019
Mr. LI Lixin	53	Former executive Director	Re-elected on 29 June 2017 and resigned on 21 June 2019 due to change of job assignments
Mr. TAO Yunpeng	49	Non-executive Director	Re-elected on 29 June 2017
Mr. SHI Chongguang	57	Non-executive Director	Appointed on 28 December 2018
Mr. WANG Bangyi	46	Non-executive Director	Appointed on 21 June 2019
Mr. MEI Weiyi	46	Former non-executive Director	Appointed on 25 August 2017 and resigned on 21 June 2019 due to change of job assignments
Mr. ZHANG Bai	59	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. TAO Zhigang	54	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. WU Yiqiang	68	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. LI Changxu	57	Chairman of the Board of Supervisors	Re-elected on 29 June 2017
Mr. WANG Kun	49	Supervisor	Re-elected on 29 June 2017
Mr. XU Lei	53	Supervisor	Appointed on 28 June 2018
Ms. HU Xiaohong	49	Supervisor	Re-elected on 29 June 2017

Name	Age	Position(s) held in the Company	Date of Appointment/ Re-election/Engagement/Re-appointment
Ms. DING Ruiling	55	Independent Supervisor	Re-elected on 29 June 2017
Mr. GUO Xiaoping	63	Independent Supervisor	Re-elected on 29 June 2017
Mr. CHEN Wenxin	52	Employee Representative Supervisor	Re-elected on 29 June 2017
Mr. ZHU Deyuan	46	Employee Representative Supervisor	Appointed on 20 July 2017
Mr. LAI Jiaxing	37	Employee Representative Supervisor	Appointed on 12 March 2018
Mr. MA Junbiao	57	Deputy Secretary of Party Committee	Engaged on 9 May 2019
		Chairman of the Labor Union	Engaged on 26 July 2019
Ms. WANG Huiping	52	Chief Financial Officer	Engaged on 20 December 2017
Mr. SUN Tao	43	Vice General Manager	Re-appointed on 29 June 2017
		Chief Legal Adviser	Engaged on 9 November 2018
		Secretary to the Board	Engaged on 26 November 2018
Mr. LIN Wenbiao	50	Vice General Manager	Engaged on 6 February 2018
Mr. HUANG Shenyang	59	Former Deputy Secretary of Party Committee	Engaged on 14 March 2017 and retired on 9 May 2019
		Former Secretary of Discipline Committee	Engaged on 30 October 2017 and retired on 9 May 2019

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management are set out on pages 33 to 46 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

REMUNERATION OF DIRECTORS AND SUPERVISORS

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

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

At the end of the year 2019 or at any time during the year, there was no transactions, arrangements or contracts of significance to the Group's business in which the Company or its subsidiaries was a party, and in which a Director or Supervisor had a material interest, either directly or indirectly, subsisted during the year or at the end of the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2019, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

LIABILITY INSURANCE AND INDEMNITY

Information in relation to the liability insurances provided for Directors and Supervisors of the Company and the permitted indemnity provisions can be found on page 112 in the "Corporate Governance Report" of this annual report.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2019, the Company has not entered into any equity-linked agreement.

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

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

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

On 31 December 2019, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 31 December 2019, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) held 5% or above interest in the shares or underlying shares of the Company and according to the records in the register required to be kept by the Company pursuant to Section 336 of the SFO had interest or short positions which should be disclosed to the Company:

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

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(share)*	Percentage in the Relevant Class of Share Capital *(%)*	Percentage in the Total Share Capital *(%)*
Huadian Group[(1)]	Domestic Shares	Beneficial owner/Interest of corporation controlled by the substantial shareholder	5,276,907,638 (Long position)	90.39	62.76
Central Huijin Investment Ltd.	H Shares	Interest of corporation controlled by the substantial shareholder	645,620,000 (Long position)	25.12	7.68
China Reinsurance (Group) Corporation	H Shares	Beneficial owner	645,620,000 (Long position)	25.12	7.68
Prime Capital Management Company Limited	H Shares	Investment manager	176,208,808 (Long position)	6.86	2.10
Macquarie Group Limited	H Shares	Interest of corporation controlled by the substantial shareholder	130,976,000 (Long position)	5.10	1.56
			24,000 (Short position)	0.00	0.00

Note:

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

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

The Company did not enter into any contracts in respect of the management or administration of the entire or any significant part of the business of the Company nor should any such contracts subsist at any time during 2019.

CONNECTED TRANSACTIONS

The main connected transactions of the Group during 2019 are as follows:

(I) Non-exempt One-off Connected Transactions

(1) Establishment of Joint Venture

On 27 June 2019, the Company entered into a shareholders agreement with Shenyang Jinshan Energy Co., Ltd. (瀋陽金山能源股份有限公司), a subsidiary of China Huadian Corporation Ltd. (the controlling shareholder of the Company) to jointly establish Huadian Changtu Wind Power Company Limited (華電昌圖風力發電有限公司), pursuant to which, the Company agreed to contribute RMB61.2 million in cash, accounting for 60% of the registered capital of Huadian Changtu Wind Power Company Limited. After the establishment of Huadian Changtu Wind Power Company Limited, it will become a subsidiary of the Company.

According to the Listing Rules, Huadian is the controlling shareholder of the Company. Shenyang Jinshan Energy Co., Ltd. is indirectly held as to 38.5% of shares by Huadian and the financial results of Shenyang Jinshan Energy Co., Ltd. are consolidated in the financial statements of Huadian, therefore China Huadian and Shenyang Jinshan Energy Co., Ltd. are connected persons (as defined under the Listing Rules) of the Company. Pursuant to Chapter 14A of the Listing Rules, the entering into of the Shareholders Agreement constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction under the Shareholders Agreement are more than 0.1% but less than 5%, the relevant transactions are subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.76 of the Listing Rules.

(2) ***Disposal of 4.946% Equity Interest in Huadian Finance***

On 23 August 2019, Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司), a subsidiary of the Company, and Huadian entered into an equity transfer agreement, pursuant to which Fujian Mianhuatan Hydropower Development Company Limited agreed to dispose of and Huadian agreed to acquire 2.473% equity interest in Huadian Finance held by Fujian Mianhuatan Hydropower Development Company Limited at a cash consideration of RMB199,745,666.13.

On 23 August 2019, Fujian Huadian Power Engineering Company Limited, a wholly-owned subsidiary of the Company, and China Huadian entered into an equity transfer agreement, pursuant to which Fujian Huadian Power Engineering Company Limited agreed to dispose of and Huadian agreed to acquire 2.473% equity interest in Huadian Finance held by Fujian Huadian Power Engineering Company Limited at a cash consideration of RMB199,745,666.13

Upon completion of the transactions, the Company will no longer hold any equity interest in China Huadian Finance Corporation Limited.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and therefore, a connected person (as defined under the Listing Rules) of the Company. Accordingly, the disposal of 4.946% equity interest in Huadian Finance and the transactions contemplated there under constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transactions contemplated under the disposal of 4.946% equity interest in Huadian Finance are more than 0.1% but less than 5%, the relevant transactions are subject to the reporting and announcement requirement but are exempt from the independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

(3) Disposal of 6% Equity Interest in Huaxin Insurance

On 26 September 2019, the Company and China Huadian Group Capital Holdings Limited entered into an equity transfer agreement, pursuant to which the Company agreed to dispose of and China Huadian Group Capital Holdings Limited agreed to acquire 3% equity interest in Huaxin Insurance Brokerage Co., Ltd. held by the Company at a cash consideration of RMB8,212,515.

On 26 September 2019, Huadian New Energy Development Co., Ltd., a wholly-owned subsidiary of the Company, and China Huadian Group Capital Holdings Limited entered into an equity transfer agreement, pursuant to which Huadian New Energy Development Co., Ltd. agreed to dispose of and China Huadian Group Capital Holdings Limited agreed to acquire 3% equity interest in Huaxin Insurance Brokerage Co., Ltd. held by Huadian New Energy Development Co., Ltd. at a cash consideration of RMB8,212,515.

Upon completion of the transactions, the Company will no longer hold any equity interest in Huaxin Insurance Brokerage Co., Ltd.

According to the Listing Rules, Huadian is the controlling shareholder of the Company, and therefore, Huadian and China Huadian Group Capital Holdings Limited are connected persons (as defined under the Listing Rules) of the Company. Accordingly, the disposal of 6% equity interest in Huaxin Insurance Brokerage Co., Ltd. and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transactions contemplated under the disposal of 6% equity interest in Huaxin Insurance Brokerage Co., Ltd. are more than 0.1% but are less than 5%, the transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Rule 14A.76 of the Listing Rules.

(4) Acquisition of 51% Equity Interest in Huadian Liuzhou and Acquisition of Preliminary Results of the Wind Power Projects

On 27 December 2019, the Company and Huadian Guangxi Energy Co., Ltd., a subsidiary of Huadian (the Controlling Shareholder of the Company) entered into an equity transfer agreement (the "**Equity Transfer Agreement**"), pursuant to which, the Company agreed to acquire and Huadian Guangxi Energy Co., Ltd. agreed to transfer to the Company the 51% equity interest in Huadian Liuzhou Dongcheng New Energy Co., Ltd. held by Huadian Guangxi Energy Co., Ltd., at a consideration of RMB9,624,200, paid in cash. Upon completion of the transaction, Huadian Liuzhou Dongcheng New Energy Co., Ltd. will be consolidated into the financial statements of the Group.

On 27 November 2019 and 18 December 2019, each of Huadian Fuxin Energy Corporation Limited Guangxi Branch, Huadian Fuxin Liuzhou New Energy Corporation Limited and Qinzhou Huadian Fuxin Wind Power Generation Corporation Limited and Huadian Guangxi Energy Co., Ltd. entered into preliminary results transfer agreements (the "**Preliminary Results Transfer Agreements**") on the Wind Power Projects, respectively, pursuant to which, each of Huadian Fuxin Energy Corporation Limited Guangxi Branch, Huadian Fuxin Liuzhou New Energy Corporation Limited and Qinzhou Huadian Fuxin Wind Power Generation Corporation Limited agreed to acquire and Huadian Guangxi Energy Co., Ltd. agreed to transfer to Huadian Fuxin Energy Corporation Limited Guangxi Branch, Huadian Fuxin Liuzhou New Energy Corporation Limited and Qinzhou Huadian Fuxin Wind Power Generation Corporation Limited the preliminary results of the Jiuyuanshan 100MW wind power project at Rongshui County, Liuzhou City, the Fengmenling Phase-I 150MW wind power project at Qinnan District, Qinzhou City, the Banlan 150MW wind power project at Rongan County, Liuzhou City and the Zhongsha 100MW wind power project at Guiping, Guigang City, at an aggregate cash consideration of RMB4,422,300.

According to the Listing Rules, Huadian is the controlling shareholder of the Company, and therefore, Huadian and Huadian Guangxi Energy Co., Ltd. are connected persons (as defined under the Listing Rules) of the Company. Accordingly, under Chapter 14A of the Listing Rules, one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction under the Equity Transfer Agreement when aggregated with the transactions under the Preliminary Results Transfer Agreements on the Wind Power Projects exceed 0.1% but fall below 5%, the above transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

(II) Non-exempt Continuing Connected Transactions

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

The table below sets out the annual caps and the actual transaction amounts for 2019 of the continuing connected transactions:

Continuing Connected Transaction	Connected Person	Annual Cap for 2019 *RMB'000*	Actual Transaction Amount for 2019 *RMB'000*
(A) Property leasing framework agreement	Huadian Group	50,000	29,287.8
(B) Coal purchasing and shipping service framework agreement	Huadian Group	2,600,000	2,597,978.9
(C) Project contracting, operation maintenance service and equipment purchase framework agreement	Huadian Group	2,500,000	2,096,745.0
(D) Deposit service agreement I	Huadian Finance	2,400,000	2,391,849.1
(E) Merchandising framework agreement	Huadian Group	600,000	3,832.9
(F) Finance leases framework agreement	Huadian Leasing	1,000,000	552,623.2
(G) Power generation rights transfer agreement	Huadian Group	500,000	24,210.1
(H) Deposit service agreement II	Huadian Overseas	300,000	36,450.9
(I) Financial services framework agreement	China Fortune Trust	5,000	110.4

(A) Property Leasing Framework Agreement

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

- the rents (including property management fee) payable under the Property Leasing Framework Agreement shall be agreed based on arm's-length negotiations between the relevant parties with reference to market rates at the relevant location, but the annual rent per sq.m. shall not exceed 115.0% of that of the previous year;

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

- the Company is entitled to lease the available properties owned by members of Huadian Group during the term of the Property Leasing Framework Agreement;

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

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

The annual cap of the transaction for the year ended 31 December 2019 was RMB50,000,000 and the actual rent paid/payable to Huadian Group is RMB29,287,800.

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

(B) ***Coal Purchasing and Shipping Service Framework Agreement***

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2019 was RMB2,600,000,000 and the fees paid/payable by us to Huadian Group for the coal shipping is RMB2,597,978,900.

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

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

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2019 was RMB2,500,000,000 and the fees paid/payable to Huadian Group is RMB2,096,745,000.

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

(D) *Deposit Service Contract I*

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

In 2019, the maximum daily balance of this deposit service transaction was RMB2,400,000,000, while the actual maximum daily balance was RMB2,391,849,100.

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

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

(E) *Merchandising Framework Agreement*

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2019 was RMB600,000,000 and the fees received/receivable from Huadian Group is RMB3,832,900.

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

(F) Finance Lease Framework Agreement

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2019 was RMB1,000,000,000 and the fees paid/payable to Huadian Group is RMB552,623,200.

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

(G) *Power Generation Rights Transfer Framework Agreements*

On 12 July 2019, the Company and Huadian entered into a power generation rights transfer framework agreement (the "**Power Generation Rights Transfer Framework Agreement**"), pursuant to which, Huadian agreed to transfer the power generation rights to the Group over the term of such agreement. The principal terms of the power generation rights transfer framework agreement are as follows:

- According to the Power Generation Rights Transfer Framework Agreement, the transfer price for the power generation rights will be determined based on the arm's length discussion by the Company and Huadian based on the benchmark on-grid tariff for coal-fired power generating units and power generation cost per kilowatt hour for the coal-fired power generating units in relevant province(s), after taking into account the supply and demand in the power market.

- For the transfer of power generation rights under the Power Generation Rights Transfer Framework Agreement, the transaction parties shall enter into specific agreements, which shall not violate the provisions under this agreement, based on the scope of the framework under this agreement.

- The term of the Power Generation Rights Transfer Framework Agreement commenced on 12 July 2019 and ending on 31 December 2021.

The annual cap of the transaction for the year ended 31 December 2019 was RMB500,000,000 and the fees paid/payable to Huadian Group is RMB24,210,100.

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

(H) Deposit Service Agreement II

On 2 August 2019, the Company entered into a deposit service agreement (the "**Deposit Service Agreement II**") with Huadian Overseas, pursuant to which Huadian Overseas will provide overseas deposit service to the Group.

In 2019, the proposed annual caps (or the equivalent foreign currency) for the maximum daily deposit balance (including any accrued interest) to be placed by the Group with Huadian Overseas were RMB300,000,000 and the actual maximum daily deposit balance was RMB36,450,900.

The term of the Deposit Service Agreement II will expire on 31 December 2020, subject to renewal.

According to the Listing Rules, Huadian Overseas is a wholly-owned subsidiary of Huadian (the controlling shareholder of the Company), as such, Huadian Overseas is a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Deposit Service Agreement II constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(I) Financial Services Framework Agreement

On 26 September 2019, the Company entered into a financial services framework agreement (the "**Financial Services Framework Agreement**") with China Fortune Trust, pursuant to which China Fortune Trust will provide entrusted loans, fund trust, property rights trust, financial consultancy, securities underwriting and other financial services to the Group based on the Financial Services Framework Agreement. The principal terms of the Financial Services Framework Agreement are as follows:

- The fees charged for financial services under the Financial Services Framework Agreement shall be no higher than the same type of services for the same period, namely (i) relevant standard fees promulgated by the People's Bank of China (if applicable); (ii) fees charged by domestic major commercial banks; and (iii) fees charged by China Fortune Trust from other members of Huadian Group with the same level of credit ratings (if applicable).

- In terms of the transactions under the Financial Services Framework Agreement, provided that the Company is well aware of the market prices and that the conditions of relevant financial services provided by China Fortune Trust are the same with or more favorable than those provided by other financial institutions, the Company is entitled to select the relevant financial services offered by China Fortune Trust. However, having taken into account the actual circumstances, the Company may also select relevant financial services offered by other financial institutions during the term of the Financial Services Framework Agreement.

- The term of the Financial Services Framework Agreement shall commence on 26 September 2019 and end on 31 December 2020.

The annual cap of the transactions for the year ended 31 December 2019 was RMB5,000,000 and the fees paid/payable to China Fortune Trust is RMB110,400.

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

The Company's independent non-executive Directors have reviewed such continuing connected transactions during the year 2019 and confirmed that:

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

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

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

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

The related party transactions in 2019 that constitute "connected transaction" or "continuing connected transaction" as defined under Chapter 14A of the Listing Rules were disclosed in this section and note 38 to the Financial Statements. The Company and all Directors had reviewed all connected transactions and confirmed that the Company was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019, the purchase from the Group's five largest coal suppliers in aggregate contributed 65.7% of the Group's total purchase of coal for the year, among which, the total purchase from the largest coal supplier contributed 48.1% of the Group's total purchase of coal for the year.

For the year ended 31 December 2019, the purchase from the Group's five largest equipment suppliers in aggregate contributed 60.0% of the Group's total purchase of equipment for the year, among which, the total purchase from the largest equipment supplier contributed 16.7% of the Group's total purchase of equipment for the year.

For the year ended 31 December 2019, the sales to the Group's five largest customers in aggregate contributed 64.1% of the Group's total sales for the year, among which, the sales to the largest customer contributed 45.3% of the Group's total sales for the year.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND REPORT

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

Please refer to the "Corporate Governance Report" as set out on pages 112 to 131 of this annual report for details.

PUBLIC FLOAT

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

MATERIAL LITIGATION

As at 31 December 2019, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claim are pending or threatened against the Company.

CHARITABLE DONATIONS

During the Reporting Period, charitable donation made by the Group was approximately RMB7.99 million.

SIGNIFICANT EVENTS AFTER THE END OF REPORTING PERIOD

On 20 March 2020, the Board proposed a final dividend for the year ended 31 December 2019. Further details are disclosed in note 30(b) to the Financial Statements.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company has reviewed the annual consolidated financial statements for the year ended 31 December 2019, and is of the view that the Group's consolidated financial statements for the year ended 31 December 2019 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

AUDITORS

Ernst & Young was appointed as the auditors for the financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2019. The enclosed Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by Ernst & Young. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditors of the Company.

The Company has appointed Ernst & Young as auditor of the Company since 28 June 2018.

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

Beijing, the PRC, 20 March 2020

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

Executive Directors

HUANG Shaoxiong, aged 57, has been appointed as the Chairman and an executive Director of the 3rd session of the Board of the Company since 25 August 2017. Mr. HUANG graduated from the Department of electric motor of Fuzhou University with a bachelor degree in engineering majoring in power plant and power systems. He is also a senior engineer. He had been serving as the director of the electrics branch, the chief of the enterprise management section, the deputy plant director and the plant director of Fujian Ansha Hydropower Plant; the plant director of Fujian Shaxikou Hydropower Plant; the plant director of Fujian Shuikou Hydropower Plant; the president of Shuikou Power Generation Company; the president of Shuikou Hydropower Plant Construction Corporation; the chairman of the board of directors of Fujian Youxi Basin Hydropower Development Co., Ltd.; the vice president and the president of Huadian Fujian Power Generation Company Limited; the president of China Huadian Corporation Ltd. Fujian Branch; an executive director of the 1st session of the board of directors of Huadian Fuxin Energy Corporation Limited; an executive director and the president of Huadian Tendering Co. Ltd; and an executive director and the president of China Huadian Materials Company Limited.

WU Jianchun, aged 56, has been appointed as an executive Director of the 3rd session of the Board and the General Manager of the Company since 25 August 2017. Mr. WU graduated from the Department of fluvial ecosystem of East China Water Conservancy College with a bachelor degree in engineering majoring in power equipment of hydroelectric power station. He is also a senior engineer. He served as the deputy director of operation branch, the director of production department, the deputy chief engineer, the deputy plant director and the plant director of Wuxi River Hydropower Plant; the plant director of Zhejiang Huadian Wuxi River Hydropower Plant; the director of the Zhejiang Representative Office of China Huadian Corporation Ltd.; the executive deputy director of the Preparation Office of Zhejiang Huadian Sanmen Power Plant; the deputy general manager of CHD Power Plant Operation Co., Ltd.; and the secretary of the Party committee of Guangdong Branch of China Huadian Corporation Ltd.

DU Jiangwu, aged 50, has been elected as an executive Director of the 3rd session of the Board of the Company since 21 June 2019. Mr. DU graduated from the School of Management, Huazhong University of Science & Technology with a master's degree in industrial engineering and is a senior engineer. Mr. DU served as the deputy plant director of Hubei Qingshan Thermal Power Plant of China Huadian Corporation, the head of the planning management department of China Huadian Fuel Co., Ltd. (中國華電集團燃料有限公司), the leader of the discipline inspection committee of Huadian Coal Industry Group Co., Ltd., the deputy director of the production safety department and the deputy director of the thermal power industry department of China Huadian Corporation, and the deputy general manager, general manager and executive director of Huadian Shanxi Energy Company Limited. He currently serves as an executive director of Fujian Branch of China Huadian Corporation Ltd.

Non-executive Directors

TAO Yunpeng, aged 49, has been re-elected as a non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. TAO graduated from Tsinghua University with a master's degree in engineering majoring in industrial engineering and was granted the title of senior accountant. Mr. TAO was a non-executive Director of the 2nd session of the Board of the Company from June 2014 to June 2017. He served as the deputy chief accountant of Huadian Power International Corporation Limited, the deputy director of capital operation and property management department of China Huadian Corporation Ltd., the vice general manager of Huadian Fuxin Energy Corporation Limited, a non-executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited, and the director of the capital operating and equity management department of China HuadianCorporation Ltd.. Mr. TAO is currently the vice chairman of Huadian Energy Company Limited (華電能源股份有限公司) (stock code: 600726.SH), the secretary of the Party committee and the chairman of Guizhou Qianyuan Power Co., Ltd. (貴州黔源電力股份有限公司).

SHI Chongguang, aged 57, has been appointed as a non-executive Director of the 3rd session of the Board of the Company since 28 December 2018. Mr. SHI graduated from North China Electric Power University with a bachelor's degree in engineering majoring in mechanical design and manufacturing. He is a professor-level senior engineer. He worked as the deputy chief engineer of the mechanical department, the deputy director of the general engineering office, the deputy director of the general contracting management department, the head of the mechanical department and the Party branch secretary of Northwest Electric Power Design Institute, the deputy director of the business development department, the deputy general manager and the general manager of China Power Engineering Consulting (Group) Technology Development Co., Ltd. He currently serves as the general manager of China Power Engineering Consulting (Group) Investment Co., Ltd.

WANG Bangyi, aged 46, has been elected as a non-executive Director of the 3rd session of the Board of the Company since 21 June 2019. Mr. WANG graduated from the School of Economics and Management, Tsinghua University with a doctor's degree in economics majoring in quantitative economics. Mr. WANG served as the executive general manager of investment department of China Galaxy Financial Holdings Company Limited, and the deputy general manager of the portfolio management department, the chief strategy officer, the head of fixed income department and the head of portfolio and market risk management department of China Re Asset Management Company Ltd. He currently serves as the assistant to general manager of China Re Asset Management Company Ltd., the general manager of China Re Asset Management (Hong Kong) Co., Ltd. and a non-executive director of Beijing Jingneng Clean Energy Co., Limited (stock code: 00579.HK).

Independent Non-executive Directors

ZHANG Bai, aged 59, has been re-elected as an independent non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. ZHANG obtained his bachelor's degree in accounting from Xiamen University and his master's degree in business administration (MBA) from the Open University of Hong Kong. Currently, he is a professor of the school of economic and management of Fuzhou University, the director of the Eighth Accounting Society of China, the vice chairman of the Seventh Council of Fujian Auditing Society. And he currently serves as independent director of Xingye Leather Technology Co., Ltd. (興業皮革科技股份有限公司)(002674.SZ) and Guancheng Datong Co., Ltd. (冠城大通股份有限公司) (600067.SH), respectively.

TAO Zhigang, aged 54, has been re-elected as an independent non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. TAO obtained his doctor's degree in economics from Princeton University. Currently, Mr. TAO is professor in strategic management and economics as well as the superintendent of Institute for China and Global Development of University of Hong Kong. He is engaged by China Centre for Economic Research and Centre for China in the World Economy of Tsinghua University as a senior researcher and specially-appointed researcher, respectively, and also a specially-appointed professor of Fudan University management school. His major research fields include commercial organisations and management, competing strategies and economy restructure. Currently, Mr. TAO is also an independent non-executive director of China Lesso Group Holdings Limited (中國聯塑集團控股有限公司) (stock code: 02128.HK).

WU Yiqiang, aged 68, has been re-elected as an independent non-executive Director of the 3rd session of the Board of the Company since 29 June 2017. Mr. WU graduated from Jilin University and is a professorate senior engineer. Since October 2011, he has been a consultant of China Power Construction and Engineering Consulting Co., Ltd. He had served as the deputy director of chief engineers' office of Shanxi Investigation Academy, head of the management section of the exploration department and deputy director of the exploration department of Electric Power Planning & Engineering Institute under Ministry of Energy, the assistant to the dean and director of business planning section of Electric Power Planning and Engineering Institute under Ministry of Electric Power, the assistant to the general manager and head of business planning department, and the deputy general manager of China Power Engineering and Construction Consulting Co., Ltd., assistant to the general manager and head of business planning department of China Power Engineering Consulting Corporation, the chairman of China Electric Power Planning & Engineering Association, the vice chairman of China Engineering and Consulting Association, the vice chairman of the engineering general contracting branch under China Engineering and Consulting Association, a standing member of Geotechnical Engineering Academic Committee under Architectural Society of China, the deputy director of the second session of the Survey and Design Standardization Committee in the Electric Power Industry and the deputy general manager of China Power Construction Engineering Consulting Co., Ltd.

Supervisors

LI Changxu, aged 57, has been re-elected as the Chairman of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Mr. LI graduated from the adult higher education department of Renmin University of China with a bachelor's degree in finance and accounting and was granted the title of senior accountant. Mr. LI was the chairman of the second session of the Board of Supervisors of the Company from June 2014 to June 2017. He also served as deputy division chief of division III of the branch of China National Audit office in Ministry of Electric Power (國家審計署駐電力部審計局), the deputy division chief of the production audit department, the deputy division chief of division II of the audit department and the division chief of the integration division of the audit department of State Power Corporation of China, the deputy director-general of the supervision and audit department, the deputy director-general of audit department and the director general of audit department of China Huadian Corporation Ltd., and the chairman of the 1st session of the board of supervisors of Huadian Fuxin Energy Corporation Limited. He is now the deputy chief accountant of China Huadian Corporation Ltd.

WANG Kun, aged 49, has been re-elected as a Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Mr. WANG graduated from Peking University with a master's degree in management and was granted the title of Chartered Financial Analyst. Mr. WANG was a Supervisor of the 2nd session of the Board of Supervisors from June 2014 to June 2017. He served as the manager of the direct investment department of China National Petroleum Corporation Assets Management Co., Ltd. (中油資產管理有限公司), a subsidiary of China National Petroleum Corporation, the vice president of the JRJ.com, the person-in-charge of the securities project team of Ao Yier Investment Management Company (奥伊爾投資公司), a subsidiary of China National Petroleum Corporation, a fund manager of the futures and funds department of China International Futures Co., Ltd., and the supervisor of the 1st session of the Board of Supervisors of Huadian Fuxin Energy Corporation Limited. Mr. WANG is now the manager of the asset management department of Kunlun Trust Co., Ltd. (昆侖信託有限責任公司), a subsidiary of China National Petroleum Corporation.

XU Lei, aged 53, has been appointed as a Supervisor of 3rd session of the Board of Supervisors of the Company since 28 June 2018. Mr. XU graduated from Harbin Institute of Technology with a bachelor's degree in business administration. Mr. XU served as the deputy office director, director of the publicity department, director of the political work department and secretary of Youth League Committee of Nanding Thermal Power Plant, the director of the political work department of Zibo SIPD Power Company Limited, the manager of a material company, the secretary of the discipline committee, the chairman of the labor union and a member of the Party committee of Huadian Zibo Thermal Power Company Limited, director of the first discipline inspection and supervision division of the supervisory department of China Huadian Corporation Ltd., the director of the efficiency supervision division of the supervisory department (the Discipline Inspection Group Office) of China Huadian Corporation Ltd., head of the Party discipline inspection committee and chairman of the labour union of Guodian Nanjing Automation Co., Ltd. as well as a member of the Party committee, secretary of the discipline committee and the director of the working committee of Huadian Group Beijing Fuel Logistics Co., Ltd. Currently, he also serves as head of the discipline inspection committee of China Huadian Engineering Co., Ltd. dispatched by the Party Discipline Inspection Committee of China Huadian Corporation Ltd. and a member of the Party committee and secretary of the discipline committee of China Huadian Engineering Co., Ltd.

HU Xiaohong, aged 49, has been re-elected as a Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Ms. HU graduated from Shenzhen University with a bachelor's degree in accounting and was granted the title of senior accountant. Ms. HU was a Supervisor of the second session of the Board of Supervisors of the Company from June 2014 to June 2017. She previously held positions of deputy director of the finance office of the construction management department of the machinery expansion project, director of the finance department and deputy chief economist in Wujiangdu Hydropower Plant of Wujiang Hydropower, the deputy director of the assets management department of Wujiang Hydropower and a supervisor of the 1st session of the board of supervisors of Huadian Fuxin Energy Corporation Limited. Ms. HU is now the director of the financial management department of Wujiang Hydropower.

DING Ruiling, aged 55, has been re-elected as an independent Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Ms. DING is the professor, doctor and dean of audit department of accounting school with Central University of Finance and Economies (中央財經大學). She has ever conducted further research and studies in Arthur Andersen (日本朝日監查法人) with focus on auditing theory and practices. Ms. DING's major research fields include accounting, auditing, corporate internal control and auditing theory & practices, especially on the modern corporate internal control and security market.

GUO Xiaoping, aged 63, has been re-elected as an independent Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. He graduated from Tianjin University of Finance and Economics with a bachelor degree in International Finance and Sun Yat-sen University with a master degree in Economic Law. Mr. GUO had served as the vice director and the director of the reserves division under State Administration of Foreign Exchange, general manager of China Investment Corporation (Singapore), the vice director-general of Foreign Exchange Reserves Department and the vice director-general of Management and Inspection Department under State Administration of Foreign Exchange and assistant to president, the vice president, the vice presidential director, the senior counsellor of the president office and the chief representative of the Beijing Office of China Guangfa Bank.

ZHU Deyuan, aged 46, has been appointed as an Employee Representative Supervisor of the 3rd session of the Board of Supervisors of the Company since 20 July 2017. Mr. ZHU graduated from the Correspondence School of Shanghai University of Electric Power with a bachelor's degree. He is a senior engineer. He previously served as the deputy director and the secretary of the CPC branch (part-time) of the furnace team of the Maintenance Company under Laicheng Power Plant of Huadian International, the grade one staff member and the deputy director of the integration management department of Huadian New Energy Development Co., Ltd. and the office director of Fujian branch of Huadian Fuxin Energy Corporation Limited. Mr. ZHU is now the director of the general office and the director of the human resources department of the Company.

CHEN Wenxin, aged 52, has been re-elected as an Employee Representative Supervisor of the 3rd session of the Board of Supervisors of the Company since 29 June 2017. Mr. CHEN graduated from the undergraduate course of party management in the correspondence college of the Party School of the Central Committee of the C.P.C. (中共中央黨校) and is a senior administrative officer. He served as the deputy secretary of the Party committee, the chairman of the labor union and secretary of discipline committee of Fujian Longyan Power Plant (福建龍岩電廠), the deputy secretary of the Party committee of Fujian Zhangping Power Plant (福建漳平電廠), the deputy director-general of the politics work department, secretary of group discipline committee and the chairman of group labor union of Huadian Fujian Power Generation Co., Ltd. (華電福建發電有限公司), the secretary of the Party committee of Fujian Ansha Hydropower Plant (福建安砂水電廠), the director-general of the human resources department of the Company, and the deputy chief economist of Fujian branch of Huadian Fuxin Energy Corporation Limited. Mr. CHEN is currently a member of the Party committee and the secretary of the discipline committee of Gansu branch of Huadian Fuxin Energy Corporation Limited.

LAI Jiaxing, aged 37, has been appointed as an Employee Representative Supervisor of the Board of Supervisors of the Company since 12 March 2018. Mr. LAI graduated from North China University of Water Resources and Electric Power with a bachelor's degree majoring in thermal energy and power engineering and is a senior political work engineer. Mr. LAI served as the deputy director of the general manager working department and the deputy secretary of the first Party general branch of Fujian Huadian Kemen Power Generation Co., Ltd., the secretary of the Communist Youth League Committee of Huadian Fuxin Energy Corporation Limited. Mr. LAI is currently the deputy director of the Department of Party Building (Discipline Inspection Office) of Huadian Fuxin Energy Corporation Limited and the secretary of the Communist Youth League Committee of Huadian Fuxin Energy Corporation Limited.

Senior Management

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

MA Junbiao, aged 57, was engaged as a deputy secretary of the Party committee and chairman of the labor union of the Company on 9 May 2019 and 26 July 2019 respectively. Mr. MA graduated from Xiamen University with an MBA degree. He is also a professor-level senior engineer. He successively served as the head of technique division, the deputy chief engineer, the assistant to plant manager, chief engineer of Zhengzhou Water Resources Machinery Plant (鄭州水工機械廠) under Ministry of Electric Power, standing deputy general manager of Wuhan Huadian Steel Structure Co., Ltd. (武漢華電鋼結構有限公司), the deputy director of water and power division of China Huadian Power Station Equipment Corporation (中國華電電站裝備工程總公司), the deputy general manager and the general manager of steel structure department of China Huadian Engineering (Group) Co., Ltd. (中國華電工程(集團)有限公司), the deputy general manager of Huadian Tendering Co. Ltd, the deputy general manager and general counsel of China Huadian Engineering (Group) Co., Ltd. (中國華電工程(集團)有限公司), general manager of Huadian Heavy Machinery Co., Ltd. (華電重工機械有限公司), the deputy general manager and the general counsel of China Huadian Engineering Co., Ltd., a director and general manager of Huadian Heavy Industries Co., Ltd. and a deputy general manager of Huadian Fuxin Energy Corporation Limited.

WANG Huiping, aged 52, was engaged as the chief financial officer of the Company on 20 December 2017. Ms. WANG graduated from Changsha University of Electric Power in Hunan with a bachelor's degree in Economics. She is a senior accountant. She previously served as the deputy director and director of finance department of Shandong Nanding Thermal Power Plant, director of finance department, the deputy chief accountant of Zibo SIPD Power Company Limited, the deputy chief accountant, the assistant to general manager, the deputy general manager, the chief accountant of Huadian Zibo Thermal Power Company Limited, the director of planning and finance department of Shandong Branch of Huadian Power International Corporation Limited, the deputy head of finance division, deputy director and the director of finance and assets department, and the director of asset management department of Huadian Power International Corporation Limited.

SUN Tao, aged 43, was appointed as a vice general manager, chief legal adviser and secretary to the Board of the Company on 29 June 2017, 9 November 2018 and 26 November 2018, respectively. Mr. SUN graduated from Aalborg University in Denmark with a doctor's degree. He is a senior engineer. Mr. SUN served as the project manager of technology and development department, project manager of the engineering and construction department at China Longyuan Power Group Co. Ltd., the assistant to the general manager and manager of the engineering department at Jilin Longyuan Wind Power Generation Co., Ltd., the project manager of the technology and information department, the senior project manager at China Longyuan Power Group Co. Ltd. and the deputy director of the Renewable Energy Research and Development Centre, the secretary (vice division level) of the general manager working department of China Guodian Corporation, the deputy division chief in the first secretary division of the general manager working department, the secretary (division chief level) of the secretary division of the general office, and the assistant to the director of the general office at China Huadian Corporation Ltd..

LIN Wenbiao, aged 50, was engaged as the vice general manager of the Company on 6 February 2018. Mr. LIN obtained a bachelor's degree in power system and automation from Fuzhou University and a bachelor's degree in management engineering (electricity enterprises management) from North China Electricity Power University and is a senior engineer. Mr. LIN served as the deputy operation director of Xiamen Power Plant, the general manager of Fujian Ruixin Group Co., Ltd., the deputy director of the general manager working department of Huadian Fujian Power Generation Company Limited, the chairman of Fujian Ruixin Group Co., Ltd. (福建瑞新集團有限公司), the director of the political work department and the vice chairman of the labor union of Huadian Fujian Power Generation Company Limited, director of the planning and development department of China Huadian Corporation Ltd. (Huadian Fuxin Energy Corporation Limited) Fujian branch, the director of planning and development department of Huadian Fuxin Energy Corporation Limited, and the assistant to the general manager and the director of the general office (law affairs department) of Fujian branch of China Huadian Corporation Ltd..

Company Secretary

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

2. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN 2019

(I) Remuneration of Directors and Supervisors

Name	Position	Total remuneration received from the Company for the year ended 31 December 2019 *(RMB'000)*
Mr. HUANG Shaoxiong	Chairman of the Board and Executive Director	861
Mr. WU Jianchun	Executive Director and General Manager	861
Mr. DU Jiangwu(1)	Executive Director	749
Mr. LI Lixin(2)	Former executive Director	298
Mr. TAO Yunpeng	Non-executive Director	–
Mr. SHI Chongguang	Non-executive Director	–
Mr. WANG Bangyi(3)	Non-executive Director	–
Mr. MEI Weiyi(4)	Former non-executive Director	–
Mr. ZHANG Bai	Independent Non-executive Director	100
Mr. TAO Zhigang	Independent Non-executive Director	100
Mr. WU Yiqiang	Independent Non-executive Director	100
Mr. LI Changxu	Chairman of the Board of Supervisors	–
Mr. WANG Kun	Supervisor	–
Mr. XU Lei	Supervisor	–
Ms. HU Xiaohong	Supervisor	–
Mr. CHEN Wenxin	Employee Representative Supervisor	559
Mr. ZHU Deyuan	Employee Representative Supervisor	656
Mr. LAI Jiaxing	Employee Representative Supervisor	513
Ms. DING Ruiling	Independent Supervisor	80
Mr. GUO Xiaoping	Independent Supervisor	80

Notes:

(1) Mr. DU Jiangwu was appointed as an executive Director of the Company since 21 June 2019.

(2) Mr. LI Lixin resigned as an executive Director of the Company since 21 June 2019.

(3) Mr. WANG Bangyi was appointed as a non-executive Director of the Company since 21 June 2019.

(4) Mr. MEI Weiyi resigned as a non-executive Director of the Company since 21 June 2019.

(II) Remuneration of Senior Management

During the year ended 31 December 2019, the remuneration of the senior management of the Company falls within the following bands:

	Number of persons
RMB0.7 million to RMB0.8 million	3
RMB0.6 million to RMB0.7 million	1

In 2019, under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at the core, by following the underlying principle of making progress while maintaining stability and focusing on the main task of supply-side structural reform, the Chinese government at all levels and their departments strengthened the countercyclical adjustment of macro policies and made every effort to carry out the work of “stabilisation in six aspects”. As a result, the overall economic operation remained stable, the quality of development has been steadily improved, and the expected targets and tasks have been well accomplished. In 2019, China’s GDP reached RMB99,080 billion, representing an increase of 6.1% over the previous year and meeting the anticipated growth target of 6% to 6.5% proposed at the beginning of the year.

The growth in power generation slowed down. The overall power consumption in whole society was 7,226 million MWh, representing an increase of 4.5% over the previous year, 3.93 percentage points lower than the growth rate of the previous year. The total electricity output reached 7,325 million MWh, representing an increase of 4.7% over the previous year. The power generation by type was as follows: wind power generation amounted to 405 million MWh, representing an increase of 10.9% over the previous year; solar power generation amounted to 220 million MWh, representing an increase of 26.5% over the previous year; hydropower generation amounted to 1,300 million MWh, representing an increase of 5.7% over the previous year; coal-fired power generation amounted to 5,045 million MWh, representing an increase of 2.4% over the previous year; and nuclear power generation amounted to 348 million MWh, representing an increase of 18.2% over the previous year. As at the end of 2019, China’s total installed capacity of power generation was 20.106 billion MW, representing an increase of 5.8% over the previous year. Specifically, the wind power installed capacity was 2,105 million MW, representing an increase of 14.0% over the previous year; the solar power installed capacity was 2,046 million MW, representing an increase of 17.4% over the previous year; the hydropower installed capacity was 3,564 million MW, representing an increase of 1.1% over the previous year; the coal-fired power installed capacity was 11,905 million MW, representing an increase of 4.1% over the previous year; and the nuclear power installed capacity was 480 million MW, representing an increase of 9.1% over the previous year. The average utilisation time of power generation units throughout the year was 3,825 hours, representing a decrease of 54 hours over the previous year. Specifically, the wind power utilisation time was 2,082 hours, representing a decrease of 21 hours over the previous year; solar power utilisation time was 1,169 hours, representing an increase of 54 hours over the previous year; hydropower utilisation time was 3,726 hours, representing an increase of 119 hours over the previous year; coal-fired power utilisation time was 4,293 hours, representing a decrease of 85 hours over the previous year; and nuclear power utilisation time was 7,394 hours, representing a decrease of 149 hours over the previous year.

I. BUSINESS REVIEW

In 2019, the Group promoted the implementation of the development strategies across the board, and took full advantage of the diversified power generating assets. To be specific, the Group took advantage of the adequate rainfall in Fujian province in hydropower segment, increased procurement of imported coal in coal-fired power segment, and actively coped with the adverse situation of declining wind speed in most parts of the country in wind power segment and strengthened equipment management. As a result, positive achievements have been made in the various activities of the Group: the gross power generation of the Group throughout the year was 47,696,505.4 MWh, representing an increase of 7.0% over the previous year; the profit attributable to equity holders of the Company was RMB2,415.7 million, representing an increase of 6.5% over the previous year; and the capacity of approved power generation projects was 130.0 MW, the newly-added consolidated installed capacity was 218.2 MW and the percentage of clean energy installed capacity to the total installed capacity was 78.1%.

The respective consolidated installed capacity of the power generating assets of the Group as of 31 December 2019 and 2018 by type was:

Consolidated Installed Capacity (MW)

Type	2019	2018	Change percentage
Wind power	**8,035.2**	7,993.0	0.5%
Solar power	**1,214.7**	1,155.6	5.1%
Hydropower	**2,607.9**	2,607.9	0.0%
Coal-fired power	**3,600.0**	3,600.0	0.0%
Natural gas-fired power (distributed)	**970.0**	902.6	7.5%
Other clean power	**25.3**	25.3	0.0%
Total	**16,453.1**	16,284.4	1.0%

The respective attributable consolidated installed capacity of the power generating assets of the Group as of 31 December 2019 and 2018 by type was:

Attributable Consolidated Installed Capacity (MW)

Type	2019	2018	Change percentage
Wind power	**7,514.2**	7,456.2	0.8%
Solar power	**1,159.1**	1,120.8	3.4%
Hydropower	**1,967.0**	1,967.0	0.0%
Coal-fired power	**3,740.4**	3,740.4	0.0%
Natural gas-fired power (distributed)	**1,104.4**	1,037.0	6.5%
Nuclear power	**1,948.8**	1,948.8	0.0%
Other clean power	**25.1**	25.1	0.0%
Total	**17,459.0**	17,295.3	0.9%

The respective gross generation of the power generating assets of the Group in 2019 and 2018 by type was:

Gross Power Generation (MWh)

Type	2019	2018	Change percentage
Wind power	**16,913,424.4**	16,869,057.5	0.3%
Solar power	**1,724,094.8**	1,613,383.0	6.9%
Hydropower	**9,461,387.0**	5,790,818.4	63.4%
Coal-fired power	**16,032,179.8**	17,513,697.9	-8.5%
Natural gas-fired power (distributed)	**3,422,776.1**	2,620,624.7	30.6%
Other clean power	**142,643.3**	166,139.8	-14.1%
Total	**47,696,505.4**	44,573,721.3	7.0%

(I) Wind Power Business

As of 31 December 2019, the Group had consolidated wind power installed capacity of 8,035.2 MW, representing an increase of 0.5% as compared with that as of 31 December 2018. During the period from 1 January 2019 to 31 December 2019 (the "**Reporting Period**"), the consolidated installed capacity of the Group's new wind power projects which had commenced operation was 91.7 MW. The gross wind power generation was 16,913,424.4 MWh, representing an increase of 0.3% over the previous year. The average on-grid tariff (tax exclusive) was RMB419.59/MWh, representing a decrease of RMB10.61/MWh, or 2.47% over the previous year.

In 2019, the average wind power utilisation time of the Group was 2,099 hours, 17 hours over the average wind power utilisation time of China. In 2019, the Group optimized and refined the benchmarking and quota, improved the quota and benchmarking system for production and marketing of wind power enterprises, and launched a special promotion activity for utilization time. Meanwhile, we focused on improving the reliability and efficiency of wind power equipment, economic management and continued to carry out comprehensive improvement of generator sets with high failure and wind power sets with poorer power generation performance. As a result, remarkable achievements had been made in the comprehensive improvement and operation maintenance and management of wind power equipment, as evidenced by an utilisation ratio of wind turbines of 98.81%.

In 2019, the Group actively developed wind power projects. It promoted the development of offshore wind power projects in a stable and orderly manner. The offshore wind power project in Fuqing Haitan Strait, Fujian, has been officially commenced, and the fulfillment of conditions for commencement of the offshore wind power project in Yuhuan, Zhejiang, has been accelerated. Keeping up with the progress of ultra-high voltage wind power base projects, the decision to start construction of the wind power external transmission projects in Inner Mongolia, Xinjiang and other regions has been made to actively coordinate the planning and development of clean energy bases in Inner Mongolia, Shaanxi, Jilin and other regions. In 2019, two new wind power projects with an aggregate capacity of 130 MW were approved.

(II) Solar Power Business

As of 31 December 2019, the Group had consolidated solar power installed capacity of 1,214.7 MW.

In 2019, the Group's total solar power output was 1,724,094.8 MWh, and the average on-grid tariff (tax exclusive) was RMB807.59/MWh, representing an increase of RMB3.29/MWh or 0.41% over the previous year. The average solar power utilisation time was 1,419 hours, representing an increase of 24 hours over the previous year.

(III) Hydropower Business

As of 31 December 2019, the Group had consolidated hydropower installed capacity of 2,607.9 MW, and had capacity under construction of 1,200 MW.

In 2019, the gross hydropower generation of the Group was 9,461,387.0 MWh, representing an increase of 63.4% over the previous year; and the average on-grid tariff (tax exclusive) was RMB287.57/MWh, representing a decrease of RMB1.03/MWh or 0.4% over the previous year.

In 2019, due to the rich water inflow across Fujian province, the accumulated inflow of seven leading reservoirs increased by 132.8% year on year to 27,386 million cubic meter, 33.9% higher than the average level of the past years. The Group strengthened economic operation to increase efficiency, gave full play to the role of the first-level leading reservoir, actively carried out the optimization of watershed reservoir management, and improved the power generation efficiency of watershed power stations, realising average annual utilisation time of 3,631 hours, representing a year-on-year increase of 1,320 hours, 295 hours more than the utilisation time of hydropower under unified dispatch in Fujian province.

(IV) Coal-fired Power Business

As at 31 December 2019, the Group had consolidated coal-fired power installed capacity of 3,600.0 MW, with one project under construction.

In 2019, the gross coal-fired power generation of the Group was 16,032,179.8 MWh, representing a decrease of 8.5% over the previous year. The average coal-fired power utilisation time was 4,453 hours, representing a decrease of 8.5% over the previous year; the coal consumption for power generation was 305.79g/KWh, representing a decrease of 1.0g/KWh from the previous year; the average on-grid tariff (tax exclusive) was RMB343.96/MWh, representing an increase of RMB0.66/MWh or 0.2% over the previous year.

In 2019, overall coal price in coal-fired sector has declined, meanwhile, the Group strived to increase the blending proportion of high-quality and premium-priced imported coal. The average unit price (tax inclusive) of the standard coal reached RMB789.08/ton, representing a decrease of RMB132.9/ton. In the benchmarking of four major power generation groups of the same type in the same region, the ranking of Kemen Company achieved a historic breakthrough, with comprehensive standard coal unit price ranking rising from the fourth to the second (the gap with the first place narrowed RMB43.77/ton), and ranking of imported standard coal unit price rising from the fourth to the first. Kemen Company saved fuel costs of approximately RMB150 million throughout the year.

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

As at 31 December 2019, the consolidated installed capacity put into operation of natural gas-fired power (distributed) projects of the Group amounted to 970.0 MW, with two projects under construction.

During the Reporting Period, the Group recorded an increase of 67.4 MW in its consolidated installed capacity newly put into operation of natural gas-fired power (distributed) projects.

As of 31 December 2019, the Group held 39% equity interest in Fujian Fuqing Nuclear Power Co., Ltd. ("**Fuqing Nuclear**") and 10% equity interest in Zhejiang Sanmen Nuclear Power Co., Ltd ("**Sanmen Nuclear Power**") . The Nos. 1 to 4 generator sets of Fuqing Nuclear Power Plant and Nos. 1 and 2 generator sets of Sanmen Nuclear Power were under good operation.

As of 31 December 2019, we also had two biomass power projects under operation, with consolidated installed capacity of 25.3 MW in our holding.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

1. Overview

In 2019, the Group recorded a steady growth of its profit. The Group realized profit before taxation of RMB3,233.8 million, representing an increase of 17.3% as compared with RMB2,757.8 million in 2018. In particular, the profit attributable to equity holders of the Company amounted to RMB2,415.7 million, representing an increase of 6.5% as compared with RMB2,268.5 million in 2018.

2. Revenue

The Group's revenue increased by 7.9% to RMB19,775.9 million in 2019 as compared with RMB18,329.7 million in 2018, primarily due to the increase in revenue from electricity sales of the Group's hydropower, solar power and natural gas-fired power (distributed) segments.

The Group's revenue from sales of electricity increased by 7.4% to RMB18,632.8 million in 2019 as compared with RMB17,345.0 million in 2018, primarily due to the increase in hydropower electricity sales, resulting an increase of 9.9% in electricity sales as compared with that of the corresponding period of 2018, and a decrease of approximately 2.2% of the average unit price of electricity.

The respective segment revenue of the Company and their reconciliations to the consolidated revenue are as follows:

	2019 ***RMB in million***	2018 *RMB in million*	Change percentage
Wind power	**6,901.6**	7,083.4	-2.6%
Solar power	**1,361.6**	1,232.1	10.5%
Hydropower	**2,704.0**	1,693.4	59.7%
Coal-fired power	**6,022.7**	6,116.0	-1.5%
Natural gas-fired power (distributed)	**2,313.5**	1,963.6	17.8%
Other	**153.5**	160.3	-4.2%
Total revenue of the reported segments	**19,456.9**	18,248.8	6.6%
Service concession construction revenue	**317.8**	80.4	295.3%
Unallocated head office and corporate revenue	**1.2**	0.5	140.0%
Consolidated revenue	**19,775.9**	18,329.7	7.9%

3. Other income and gains

In 2019, the Group's other net income decreased by 5.6% to RMB323.6 million as compared with RMB342.8 million in 2018, primarily due to the gain on resumption compensation obtained during the year of RMB90.5 million and the gain on disposal of non-current assets of RMB11.9 million in 2018, the loss from disposal of subsidiaries recognized during the year of RMB24.4 million, as compared with nil in 2018 and the default penalty income recognized during the year of RMB10.1 million, as compared with RMB81.0 million in 2018, representing a decrease of 87.6%.

4. Operating expenses

The Group's operating expenses increased by 8.5% to RMB15,042.3 million in 2019 as compared with RMB13,863.4 million in 2018. The increase was mainly due to the increase in other operating expenses.

In 2019, the fuel cost of the Group decreased from RMB5,877.0 million in 2018 to RMB5,244.2 million, representing a decrease of 10.8%. The decrease was mainly due to the decrease in power generation of coal-fired power segment in 2019 as compared with that of 2018 as well as the decrease in coal price.

The Group's depreciation and amortisation expenses increased by 4.6% to RMB4,781.3 million in 2019 as compared with RMB4,570.3 million in 2018. This increase was primarily due to commencement of operation of the Group's new generating units.

The Group's labor costs increased by 14.5% to RMB1,831.0 million in 2019 as compared with RMB1,599.4 million in 2018, primarily due to the increase of the Group's efficiency and the fact that a portion of the personnel costs were expensed instead of being capitalized after the commencement of operation of the Group's new generating units.

The Group's repair and maintenance costs increased by 23.2% to RMB650.0 million in 2019 as compared with RMB527.5 million in 2018, primarily due to the increase in the corresponding repair costs in hydropower segment and wind power segment during the year.

The Group's other operating expenses increased by 135.1% to RMB1,849.9 million in 2019 as compared with RMB786.9 million in 2018, primarily due to the comprehensive impact of the increase in provision of impairment losses on certain power generating assets for the year, the increase in the purchase of substituted electricity resulting from the transfer of planned power generation rights of coal-fired power segment, the increase in the hydro-resources fee and reservoir maintenance fund resulting from the increase in the power generation of hydropower segment, and the estimated financial guarantee loss recognized for providing guarantee for the bank loan of a joint venture.

5. Operating profit

The Group's operating profit increased by 5.2% to RMB5,057.2 million in 2019 as compared with RMB4,809.1 million in 2018, primarily due to the year-on-year increase in profits of hydropower segment and coal-fired power segment, respectively. The respective segment operating profit of the Group and their reconciliations to the consolidated operating profit in 2019 and 2018 are as follows:

	2019 *RMB in millions*	2018 *RMB in millions*	Change percentage
Wind power	**3,101.7**	3,639.6	-14.8%
Solar power	**718.2**	638.4	12.5%
Hydropower	**1,119.6**	448.0	149.9%
Coal-fired power	**757.2**	166.2	355.6%
Natural gas-fired power (distributed)	**75.2**	112.4	-33.1%
Others	**-165.7**	0.3	-55,333.3%
Reportable segment profit	**5,606.2**	5,004.9	12.0%
Unallocated head office and corporate revenue	**1.2**	0.5	140.0%
Unallocated head office and corporate expenses	**-550.2**	-196.3	180.3%
Consolidated operating profit	**5,057.2**	4,809.1	5.2%

6. Finance income

The Group's finance income decreased by 10.1% to RMB73.6 million in 2019 as compared with RMB81.9 million in 2018, mainly due to the decrease in dividends from equity investments at fair value through other comprehensive income.

7. Finance expenses

The Group's finance expenses decreased by 12.2% to RMB2,697.5 million in 2019 as compared with RMB3,072.9 million in 2018, primarily due to decrease in interests from borrowings arising from decrease in bank borrowings of the Group for the period.

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

The Group's share of profits less losses of associates and joint ventures decreased by 14.8% to RMB800.6 million in 2019 as compared with RMB939.7 million in 2018, primarily due to a year-on-year decrease in share of net profit from investment in Fuqing Nuclear Power Plant of the Group and the losses incurred from the investment in Sanmen Nuclear Power Plant this year due to the repair of equipment for 11 months as a results of malfunction.

9. Income tax

The Group's income tax increased by 90.2% to RMB542.3 million in 2019 as compared with RMB285.1 million in 2018, primarily due to a significant year-on-year increase in the profit from the hydropower segment with higher tax rates, resulting in higher income tax correspondingly.

10. Net profit

The Group's net profit increased by 8.8% to RMB2,691.5 million in 2019 as compared with RMB2,472.7 million in 2018, primarily due to the increase in income from hydropower and coal-fired power segment.

11. Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company increased by 6.5% to RMB2,415.7 million in 2019 as compared with RMB2,268.5 million in 2018, primarily due to a significant increase in profit from hydropower and coal-fired power segments.

12. Profit attributable to non-controlling shareholders

The Group's profit attributable to non-controlling shareholders increased by 35.1% to RMB275.8 million in 2019 as compared with RMB204.2 million in 2018, mainly due to the increase in profit from hydropower segment with larger non-controlling shareholding percentage of the Group.

13. Liquidity and sources of capital

The Group's cash and cash equivalents decreased by 31.7% to RMB2,457.8 million as at 31 December 2019 as compared with the balance of RMB3,597.8 million as at 31 December 2018, primarily due to the decrease in the receipts of tariff premium of renewable energy and the decrease in the scale of asset securitization in 2019, resulting net cash inflows from operating activities decreased to RMB6,977.3 million, and the increase in repayment of borrowings and long-term investment. The main sources of the Group's operating capital include: (1) approximately RMB20,159.8 million of unutilized banking facilities as at 31 December 2019; and (2) approximately RMB2,457.8 million of cash and cash equivalents.

As at 31 December 2019, the Group's borrowings decreased by 3.0% to RMB63,045.5 million as compared with RMB64,964.4 million, of which RMB13,579.2 million was short-term borrowings (including the current portion of long-term borrowings), and RMB49,466.3 million was long-term borrowings.

14. Capital expenditure

The Group's capital expenditure increased by 63.1% to RMB8,280.6 million in 2019 as compared with RMB5,076.4 million in 2018. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment and capital injection to associates.

15. Net gearing ratio

As at 31 December 2019, the Group's net gearing ratio (net debt (i.e. total borrowings less cash and cash equivalents) divided by total equity) was 158.0%, representing a decrease of 27.4 percentage points as compared with 185.4% as at 31 December 2018, which was mainly because under the condition of no material change in the scale of net debt, net profit of the Group in 2019 amounted to RMB2,691.5 million, and the Group received RMB3,596.7 million from the issuance of perpetual medium-term notes in 2019, resulting in corresponding increase in equity interests.

16. Material acquisitions and disposals

The Group did not conduct any material acquisition and disposal in 2019.

17. Significant investment

The Group did not conduct any material investment in 2019.

18. Plans for material investments/acquisition of capital assets

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

19. Pledge of assets

Some of the Group's loans are secured by certain of the Group's property, plant and equipment, right-of-use assets and rights of receipt of tariff. As at 31 December 2019, the total net book value of the pledged assets amounted to RMB19,537.5 million.

20. Contingencies

As at 31 December 2019, the contingencies of the Group included the financial guarantee provided to a joint venture, taxes on clean development mechanism revenue and the contingent liabilities of compensation for Mianhuatan hydropower resettlement of the Group,

III. PARTY BUILDING

In 2019, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles from the 19th CPC National Congress, the Party Committee of the Company adhered to the "two consistent principles", and performed the political core leading functions, provided the directions, managed the overall situation and ensured the implementation in accordance with the requirements of the Company's articles of association, thereby further promoting the level of the Party building and ensuring the Company's work in various aspects closely focused on the policies of the Party and the State and advanced in an orderly way. The Company always adhered to the principle of management of talents by the Party in building the talent team, and selected and employed talents and improved the performance appraisal system in strict accordance with the prescribed procedures, to give full play to the positive incentive effects. The persistent efforts for Party building and gathering efforts to promote production provided a strong political guarantee for the Company's production, operation, reform and development. The spiritual civilization construction embarked on a new level and achieved new results.

In 2020, the Party Committee of the Company will fully implement the requirements of the CPC Central Committee on comprehensively strengthening Party self-discipline and act on the requirements of the Company's articles of association to focus on the core tasks of the Company, give full play to the strength and stronghold of the Party organizations as well as the role model as the pioneer of the member of the Party in improving the cohesiveness and work effectiveness of the Company's employees and promote the implementation of the Company's development strategy to achieve high quality development of the Company.

IV. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

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

2. Competition risk

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

3. Risk related to power grid

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

4. Exchange rate risk

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

V. PROSPECT AND OUTLOOK

Under the current situation of profound adjustment to international supply and demand of energy and constant development of the new round of technological reform of energy, China, as a major energy producer and consumer, is facing unprecedented opportunities and challenges. Implementing new development concept, taking supply-side structural reform as the main line, enhancing competitiveness of the energy industry, and building a clean, low-carbon, safe and efficient modern energy system have become the inevitable path for the transformation and reform of energy development in China. China is carrying out research work on the energy development plan for the "Fourteen Five-Year" Plan (2021–2025), one of the crucial missions is to strengthen the clean energy industry, laying a foundation to achieve the goal that non-fossil energy accounts for 20% of primary energy consumption in 2030. Therefore, optimizing the layout of energy production and accelerating the proportion of renewable energy such as hydropower, wind power, solar energy and biomass energy will become important tasks for energy development in China in the coming period. The Group will always adhere to the new concept of development, stay true to its aspiration to be a clean, low-carbon, safe and efficient international first-class clean energy listed company, focus on developing clean energy and continue to optimize business structure to highlight the advantages of clean energy development and promote the high-quality development of the Group.

First, the Group will put emphasis on plans. The Group will unswervingly adhere to the new development concepts of innovation, coordination, green, openness and sharing, and implement the overall requirements of new strategies featuring "four revolutions, one cooperation" for energy safety, with the theme of high-quality development and supply-side structural reform as the main line. The Group will comprehensively summarize the implementation of the "Thirteenth Five-Year" Plan, objectively analyze the internal and external situation encountered by the Company's development, and scientifically prepare the "Fourteenth Five-Year" Plan for the layout of high-quality development of the Company.

Second, the Group will secure the price of electricity. In 2020, the onshore wind power under construction of the Company shall all be put into operation. The Group will actively respond to the shortage of supply of main machineries and other equipment brought by the trend of rushing for installation, strengthen supervision prudently, impose strict supervision of safety and quality, actively connect with major domestic equipment manufacturers, and give full play to the overall advantages. The Group will accelerate the construction of offshore wind power projects, and carry out on-site construction of offshore wind power in Fuqing Haitan Strait in a safe and high quality environment. Zhejiang Yuhuan and Guangdong Yangjiang offshore wind power projects are expected to be qualified for commencement as soon as possible.

Third, the Group will seize the opportunities of implementation. The Group will actively develop new energy, give priority to meeting the investment needs of wind power projects which are able to commence production in a timely manner, obtain tariff and ensure expected revenue. The Group will establish a comprehensive internal management mechanism for "Total-to-Total" cooperative development projects of listed companies, actively follow up with the strategic cooperation agreements entered into by the Company, further implement the cooperation method, and focus on promoting the construction work of water-solar complementary clean energy bases in Southwest China.

Fourth, the Group will impose strict supervision. The Group will continue to follow up the construction of key projects. Zengcheng project, as the first 9H heavy-duty gas turbine in China, is required to achieve high-quality operation, aiming to boost the overall efficiency of the gas segment of the Company. The Group will further strengthen the guidance and coordination of key projects under construction, such as Fujian Zhouning pumped-storage and onshore wind power, to ensure that the construction progress and resources allocation are balanced in an orderly manner, scientific and reasonable, and further enhance the proportion of clean energy installed capacity of the Company.

Fifth, the Group will seek a breakthrough. The Group will actively seek wind and solar power resources through competitive allocation and extensive cooperation, especially to achieve new breakthroughs in offshore wind power and onshore wind and solar power base as well as scale development, and to secure quality projects in Inner Mongolia and Gansu. The Group will prudently develop gas-fired power in accordance with local conditions, continue to strive for gas-fired and thermoelectric reserve projects in Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei and Yangtze River Economic Zones.

Sixth, the Group will seek for innovation. The Group will further leverage the specialized level of the Company in terms of decision-making of investment on new energy projects, development and construction experience, capability to prevent investment risks, policies and technical research capabilities. The Group will strengthen the management of research on innovation topics, and further improve carbon emissions through development of wind and solar power resources measurement platform, investment information platform, new energy expert team to continuously improve market competitiveness of new energy projects.

Seventh, the Group will strive for creating a first-class enterprise. In accordance with the decision-making arrangements for the establishment of a world-class enterprise, the Group will research the formulation of the "Special Implementation Plan for Creating a World-class Featured Energy Enterprise", reinforce the responsibility for creating work, strengthen promotion and guidance, regularly refine and improve, accelerate the structural adjustment, optimize the development layout, and achieve more remarkable results symbolizing the development strategies of the Company. The Group will bend over backwards to strive for the world-class clean energy listed company, creating the Company to be an industry-wide or even internationally recognized brand.

1. ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report (hereafter referred to as the "**ESG Report**") mainly introduces the performance and progress with regard to environmental, social and governance (the "**ESG**") aspects of Huadian Fuxin Energy Corporation Limited (the "**Company**" or "**we**") and its subsidiaries (collectively referred to as the "**Group**") that the Group's stakeholders were concerned about in 2019. The ESG Report is to be read in conjunction with the "Corporate Governance Report" section of the *Company's Annual Report 2019* (the "**Annual Report 2019**"), so as to have a comprehensive overview of the environmental, social and corporate governance performance of the Group.

Reporting Scope

The ESG reporting period is consistent with that stated in the Annual Report 2019, which is 1 January 2019 to 31 December 2019 (the "**Reporting Period**"). Where necessary, in order to enhance comparability of the ESG Report, some of the contents is beyond the aforesaid period. For more details, please refer to the following contents.

Unless otherwise stated, the organizational scope of the ESG Report covers the Company and its subsidiaries. All information disclosed in the ESG Report was sourced from the Group's documents and statistical reports. The Group assures that contents of the ESG Report is true, accurate and complete.

Reporting Guideline

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

Access to the Report

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

Comment and Feedback

Your feedback is immensely important for the Group to continuously enhance its environmental and social performance. You are welcome to contact us by email at zqb@hdfx.com.cn for any comments or feedback.

2. FUXIN, MANAGING RESPONSIBLY AND DILIGENTLY

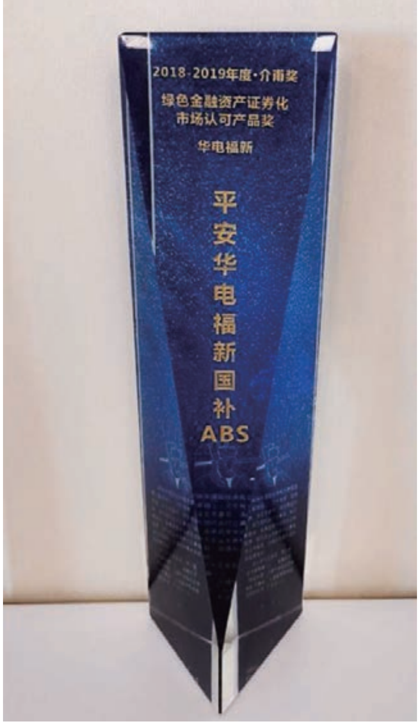
2.1 About Huadian Fuxin

The Group has always been devoting itself to the generation and provision of clean, eco-friendly and high-efficient green energy to the society, and persists in developing diversified clean energy with high-efficiency. The Group owns various kinds of power plants, such as wind power, solar power, hydropower, natural gas-fired power (distributed), coal-fired power, nuclear power, biomass power, etc. All coal-fired power and hydropower generating assets and projects are located in Fujian, while wind power and other segments are mainly distributed across China's 27 provinces, cities and autonomous regions and in Europe.

Facing the strategic transformation from fossil energy towards renewable energy, with ongoing integration of policy adjustment and industrial transformation and upgrading, the Group always implements the development philosophy of "innovation, coordination, green, openness and share", and adheres to development under the leadership of new development philosophy. In addition, the Group places the focus of its development strategy on the development of clean energy industry and strives to become a clean, low-carbon, safe and efficient international first-class clean energy company.

On 12 January 2019, the 2018 China Energy Enterprise Innovation List Press Conference and Energy Innovation Summit was held in Beijing. The Company was elected in the "List of 2018 China Energy Innovation – New Energy Investment Category"

In July 2019, the Company was awarded the "Most Valuable Investment Award" of the"China Financial Market Award", which was the third time that the Company had won the award



In November 2019, the Ping'an Huadian Fuxin green asset-backed scheme subsidized with the funds for tariff premium of renewable energy issued by the Company won the Annual Green Financial Asset Securitization Market Recognised Product Award • Jiefu Award again

2.2 Responsible Management Mechanism

Normal and orderly business operations rely on effective internal control and risk management. The Group encounters various risks during our operations, which include industrial risks, competition risks, risks due to the power grid, exchange rate risks, as well as ESG-related risks such as climate change, supply chain risks, etc. The Group has established a complete and prudent internal control and risk management system[1]. The Board is responsible for maintaining the robustness and efficiency of the Company's internal control system. Furthermore, the Group has integrated ESG risks management into the Group's risk management system to proactively tackle ESG-related risks. The Board is responsible for evaluating and determining ESG risks and ensuring that appropriate and effective ESG risk management and internal control system are in place, and is responsible for the Group's ESG strategy and reporting.

During the Reporting Period, the Group took two steps to further improve ESG management work to drive ESG management in a more systematic and professional manner, and to carry out ESG risk assessment and control in a more effective way. Firstly, the Group established an ESG working group consisting of relevant functional departments. Secondly, with reference to the Hong Kong Stock Exchange' s requirements and on the basis of the Group's current operation and management and industry development trend, the Group proposed a more comprehensive ESG management structure plan after reviewing the existing ESG management mechanism. The plan was reviewed and approved by the Board, and is being gradually implemented and promoted.

1 For details of the Group's internal control and risk management system, please refer to relevant content in the Annual Report 2019.

The Group has strengthened the management of ESG matters at the Company's decision-making levels, and designated the Audit and Risk Management Committee to be responsible for reviewing and supervising the implementation of ESG strategy and policies, thereby building an ESG management mechanism involving multiple-levels participation with a clear division of responsibilities. The ESG management mechanism involves participation from the Board, the Audit and Risk Management Committee, ESG working group, all functional departments and subsidiaries. The ESG working group is responsible for reporting work progress to the Audit and Risk Management Committee, organizing and coordinating functional departments and subsidiaries to carry out work in the ESG strategy, and maintaining stakeholder communication, while subsidiaries are responsible for implementing and accomplishing ESG-related tasks.

The Group's ESG management structure

2.3 Stakeholder Communication

Maintaining regular and multi-channel communication with stakeholders and understanding their expectations in a timely manner will help the Group to adjust its development plan promptly, and formulate corresponding work plans and carry out relevant work in response to stakeholders' expectations. The following table outlines specifics of the Group's communication with major stakeholders during the Reporting Period:

Stakeholders	Expectations	Communication Channels	Frequency	Actions of the Group
Government and regulatory departments	Compliance with laws and regulations Compliant operation Stable power supply	Stipulating policies Work reports Information disclosure	Regularly/irregularly	• Strictly complying with national laws and regulations, and proactively cooperating with regulatory departments; • Ensuring work safety and stable power supply
Shareholders and investors[2]	Business performance Company profit Corporate governance	Shareholders' meetings Regular reports Press conference on results announcements Roadshows	Annually/quarterly/irregularly	• Improving operation and economic performance; • Proactively responding to market changes and developing innovation; • Continuously enhancing corporate governance; • Strengthening information disclosure and conducting regular communication
Employees	Employee rights and benefits Occupational health Occupational training	Employee meetings Labor contracts Employee activities	Regularly/irregularly	• Improving human resource management system and protecting employee rights and benefits; • Implementing employee occupational health and safety work; • Organizing training to foster employees' knowledge and skills

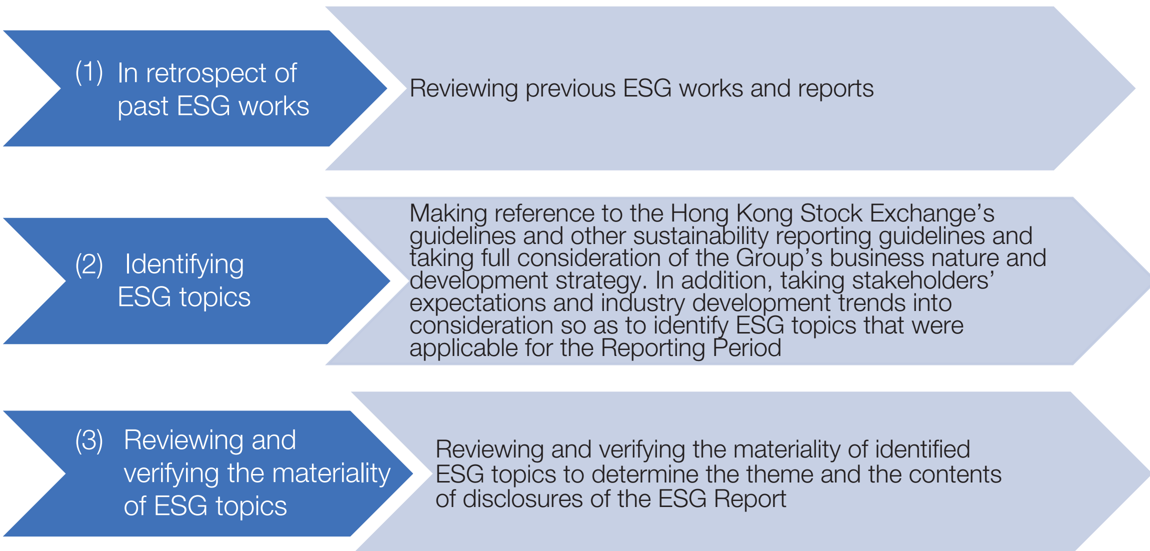
2 For investor relations activities held during the Reporting Period, please refer to the "INVESTOR RELATIONS" section in the Annual Report 2019.

Stakeholders	Expectations	Communication Channels	Frequency	Actions of the Group
Customers	Stable power supply Service guarantee Quality management	Contracts and agreements Customer service Company website	Annually/quarterly/irregularly	• Ensuring production safety and a stable power supply; • Promoting technological research and innovation to increase efficiency in production; • Enhancing customer feedback mechanism
Suppliers	Being fair and just Win-win cooperation	Contracts and agreements Work meetings Supplier assessments	Regularly/irregularly	• Improving the bidding system and ensuring fair and transparent bidding and procurement processes; • Fulfilling contracts and agreements
Community	Community investment Harmonious development	Community visits Charitable donation Community open day activities	Regularly/irregularly	• Engaging in community development activities; • Proactively organizing volunteering activities; • Implementing environmental protection work; • Carrying out community open day activities

2.4 ESG Topics Assessment

The Group learns stakeholders' concerns and expectations by communicating with them, and identifies and selects contents to be emphasized in the ESG Report by screening stakeholders' concerns in an ESG topics assessment. Based on the Group's development strategy, operating status and the expectations of stakeholders, the Group conducted an ESG topics assessment according to the "materiality" principle, in order to report on major ESG performances of the Group during the Reporting Period and its responses to stakeholders in a targeted manner.

The Group conducted the ESG topics assessment in the following three main steps: (1) in retrospect of past ESG work; (2) identifying ESG topics; and (3) reviewing and verifying the materiality of ESG topics.



The ESG topics for the Reporting Period are listed as follows. The ESG Report presents the Group's ESG performance during the Reporting Period according to these ESG topics and relevant reporting guidelines. Being compliant with laws and regulations is a basic requirement for the Group's operations, please refer to the "List of Complied ESG-related Laws and Regulations" section for the Group's compliance during the Reporting Period. In order to facilitate readers' understanding of the Group's performance, the "Management Approach" paragraph in each section of the ESG Report outlines the Group's corresponding management policies and systems whereas the "Annual Performance" paragraph presents the measures taken and results obtained during the Reporting Period.

Aspects	**ESG Topics**	**Highlights of Response**
Environmental	Emissions management	Compliance Environmental management system Air pollutants Wastewater discharge Wastes Emission reduction measures
	Use of resources	Energy saving management system Use of energy (coal, natural gas, etc.) Water resources Measures for energy and water conservation
	Green energy development	Development plans Renewable energy power generational project development Green finance Greenhouse gas ("**GHG**") emission reduction efficiency
	Environmental protection	Ecological environment protection Environmental impact assessments Water and soil conservation

Aspects	ESG Topics	Highlights of Response
Social	Employee rights and benefits	Compliance Human resource management system Employee activities
	Labor standards	Compliance Human resource management system
	Safe production	Compliance Safe production management system Safe production measures Hazard identification and emergency drills
	Occupational health and safety	Compliance Safe production management system Occupational health and safety management system Safe production measures
	Employee development and training	Training policies and plans Trainings
	Supplier management	Supplier management system Supplier risk control
	Stable power supply	Safe production management system Safe production measures Hazard identification and emergency drills Internet security management
	Innovative development	Technological innovation practices
	Anti-corruption	Compliance Legal and compliant operation Improvement of the conduct of the Party and upholding integrity, and anti-corruption work
	Community communication	Community investment Charitable activities

3. OPERATION, PROMOTING DEVELOPMENT BY QUALITY ENHANCEMENT

3.1 Legal and Compliant Operation

To build enterprises under the rule of law is an essential way for state-owned enterprises to improve their competitiveness, and hence, to achieve long-term development and to meet the demands for marketization and modernization. The State-owned Assets Supervision and Administration Commission of State Council of the PRC (the "**State Council**") issued the *Opinions on the Building of State-owned Enterprises Under the Rule of Law in an All-round Way*, which provides a system that guarantees state-owned enterprises in accelerating their building of enterprises under the rule of law. In this regard, the Group has continuously strengthened the formulation of systems, established mature management mechanisms to achieve the goal of building itself into a state-owned enterprise under the rule of law of "robust governance, prudent management, compliant operation, and law-abiding and integrity upheld". Meanwhile, the Group has implemented the requirements for exercising full and rigorous governance over the Party in an all-round way, imposed strict discipline, and strengthened the concept of a law-based governance, to continuously consolidate and and improve the Group's construction of the conduct of the Party and upholding integrity, and anti-corruption work.

Management Approach

The Group has formulated and implemented various internal policies, such as the *Anti-Corruption Working System of Huadian Fuxin Energy Corporation Limited,* the *Detailed Rules for Gifts Registration and Handing Over of Huadian Fuxin Energy Corporation Limited*. In addition, during the Reporting Period in order to strengthen and standardize the Company's accountability for illegal operation and investment, the Group formulated the *Measures for the Implementation of Accountability for Illegal Operation and Investment of Huadian Fuxin Energy Corporation Limited (Trial)*.

Meanwhile, the Group has established a complete and prudent internal control system and a risk control procedure and mechanism for anti-corruption. The top management of the Company is the leading unit of the anti-corruption working group, which is composed of members from all functional departments. As a permanent unit of the anti-corruption working group. the Department of Party Building (Discipline Inspection Office) takes responsibility for receiving and handling complaints and reports, and organizing and implementing anti-corruption work for the Group.

Regarding reporting channels for compliance issues, the Group receives reported cases by means of visit, letter, text message, e-mail or other formats and conducts timely investigation on the irregularities and disciplinary violations according to the *Measures for Managing Clues of Reported Issues of Huadian Fuxin Energy Corporation Limited*.

Annual Performance

The Company held an annual work meeting for the Group's construction of the conduct of the Party and upholding integrity, and anti-corruption work. The Company's Party committee, 6 members of the top management and 6 Party branches entered into the *Letter of Responsibility for the Group's Construction of the Conduct of the Party and Upholding Integrity* in the meeting, linking the work on the Group's construction of the conduct of the Party and upholding integrity with our annual performance, so as to fulfill our responsibility in improving the conduct of the Party and upholding integrity at all levels

The Company organized publicity and education month activities that advocates for anti-corruption and upholding integrity, with strengthening participants' legal awareness and contributing to the establishment of the "clean governance" as the theme, where participants genuinely captures the essence of leaders' speeches and put the system compilation and typical cases as required by the Eight-point Regulation of the Party Central Committee into practice. Moreover, the Group conducted moral lectures and warning education to strengthen the awareness of personnel at all levels to strictly abide by the rules

3.2 Developing Clean Energy

The Report of the 19th National Congress of the Communist Party of China ("**CPC**") proposed to promote a sound economic structure that facilitates green, low-carbon, and circular development, to develop green finance, strengthen the development of energy-saving and environmental protection industries and clean energy industry, and to establish a clean, low-carbon, safe and efficient energy system. Among them the development of clean energy is an important task for improving the energy structure, ensuring safe energy supply, and promoting the construction of ecological civilization.

As a clean energy supplier, the Group has thoroughly implemented national energy plans and other specific industrial plans, such as the "Thirteenth Five-Year Plan" of energy development. In addition, the Group actively responds to the market changes brought about by the reform of the electricity system and recognizes every national policy that promotes the utilization of renewable energy. The Group takes the development of clean energy industry as its core development strategy, continuously broadens development and further promotes the high-quality development of clean energy power segment. Based on the "*Thirteenth Five-Year Plan" of Huadian Fuxin Energy Corporation Limited*, the Group takes constantly developing wind and solar power industries, actively developing hydropower industry, prudently developing natural gas-fired power (distributed) projects based on local conditions, carefully developing coal-fired power industry, etc., as its development strategies. Moreover, the Group's daily wind power generation amounted to a record high of 86.53 million kWh, accounting for 51.9% of the total power generation on 20 March 2019, striking a new level achieved by the Group in terms of its wind power-generating capacity.

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

Type	**2019** ***(unit: MW)***
Wind power	**8,035.2**
Solar power	**1,214.7**
Hydropower	**2,607.9**
Natural gas-fired power (distributed)	**970.0**
Other clean energy	**25.3**
Total	**12,853.1**

In addition, the Group also responds actively to the development of green finance. On 14 June 2019, the Company successfully issued RMB609 million of green asset-backed notes (ABN) with an interest rate of issuance of 4.08%, which was the lowest target issuance in the power industry. The successful issuance of the green ABN is an important measure the Company took to actively implement our vision in green development and innovation.

3.3 Driving Technological Innovation

Science and technology are important factors and forces in driving productivity, while innovation is the primary driving force for development. The Group promotes scientific and technological innovation by establishing a scientific innovation system that actively constructs “a service-oriented enterprise with integration of research into operational practice”. The Group continuously strengthens our core technological studies related to renewable energy, clean power generation with high-efficiency, intelligent power generation and other areas; enhances the establishment of the technical standard system and proactively studies the integration of the internet with the Group’s business to elevate capabilities of scientific research, application and industrialization, and ultimately to promote a higher level of integration of scientific and technological innovation within our business development, and to accelerate the conversion of research and development results into practical applications.

In November 2019, the project of “Management of Innovation and Implementation of Asset Securitization Project Based on Renewable Energy Power Generation” was awarded the first prize of the “2019 Power Technology Innovation Award” by China Electricity Council. The Group closely follows the direction of national development and became the first issuer of asset securitization products in the Shanghai Stock Exchange, upholding the concept of “Green+Poverty Alleviation+the Belt and Road”, which serves as a great example for our peers. In addition, Fujian Huadian Kemen Power Generation Company Limited made 35 technological breakthroughs in relation to the areas of safety, environmental protection, energy saving and consumption reduction, with its *Lifecycle Analysis and Evaluation Technology for Power Piping of Thermal Power Plants Based on 3D Visualization* and the *Development and Application of Digital Coal Yard Technology System* awarded the second and third prize of the Scientific and Technological Progress Awards of Huadian Group, respectively.

4. ENVIRONMENTAL PROTECTION, SAFEGUARDING OUR BEAUTIFUL HOMELAND

4.1 Tackling Climate Change

In Katowice Climate Change Conference, the Secretary-General of the United Nations stated that climate change is the single most important challenge that mankind is facing and is profoundly affecting our plans for sustainable development, and the building of a safe, secure and prosperous world. Tackling climate change requires close cooperation of all countries. China has always attached great importance to climate change and has formulated national strategies to address climate change and has adopted a series of counter-measures, proactively implementing the task of controlling GHG emissions according to the "Thirteenth Five-Year Plan", playing our part in mitigating climate change. As a member of the earth and as a clean energy supplier, the Group actively responds to the call to tackle climate change, ensures earnest enforcement of environmental protection work, and makes contributions to optimize energy structure and control GHG emissions, etc.

The Group always takes China's development strategy as a base point and upholds targets set forth in the *"Thirteenth Five-Year Plan" of Huadian Fuxin Energy Corporation Limited* to actively develop clean energy, firmly increase investment in wind power and solar power. Moreover, the Group seizes development opportunities, strives to develop new offshore wind power projects and increases the installed capacity proportion of clean energy. As of 31 December 2019, the emission reduction data of the hydropower, wind power and solar power projects of the Group are listed as follows:

Indicators	Units	2019
Total power generation	kWh	**28,098,906,200.00**
Equivalent to standard coal saving	Tons	**10,074,245.39**
Equivalent to sulfur dioxide emission reduction	Tons	**1,741.13**
Equivalent to nitrogen oxides emission reduction	Tons	**3,659.67**
Equivalent to particulate matter emission reduction	Tons	**319.32**
Equivalent to GHG reduction	Tons	**22,104,033.33**

Controlling GHG emissions is an important task in tackling climate change. GHG generation during the Group's operation is mainly generated from fossil fuel consumption during the operation of the coal-fired power projects. Therefore, it is vital to effectively control GHG emissions by effectively controlling fossil fuel consumption, hence increasing energy consumption efficiency and decreasing coal consumption rate for power supply. The Group not only focuses on energy saving and emission reduction practices, but also enhances management and employees' awareness on energy conservation. In addition, the Group formulated energy conservation plan and carried out energy consumption analysis to reduce energy consumption and GHG emissions. In accordance with the requirements of the *Notice of National Development and Reform Commission of the PRC* (the "**NDRC**") on *GHG Emissions Reporting by the Major Enterprise and Public Institutions*, the Group's coal-fired power and natural gas-fired power (distributed) projects have proactively carried out GHG emission verification to accurately acquire GHG emission level so as to formulate energy conservation and emission reduction plans. In addition, the Group proactively responds to the domestic and international calls of green and low-carbon development, continues to promote the development of carbon emission reduction projects and the Chinese Certified Emission Reduction ("**CCER**") projects. The Group also proactively responds to the voluntary subscription for Chinese renewable energy green power certificate.

Fujian Huadian Kemen Power Generation Company Limited, Fujian Huadian Yong'an Power Generation Company Limited and Huadian (Zhangping) Energy Company Limited completed the carbon emission audits conducted by third parties in 2018 and fulfilled the obligations in carbon trading during the Reporting Period. Moreover, the Group has proactively cultivating a green environment by planting trees, and the corresponding GHG reduction by trees planted[3] was 67.18 tons during the Reporting Period. The total GHG emission per unit of electricity generation of the Group's coal-fired power projects was decreased by 7% as compared to previous year.

The below outlines the Group's GHG emissions performance as of 31 December 2019:

Indicators	**Units**	**Coal-fired power in 2019[4]**	Coal-fired power in 2018[5]
GHG[6]			
Scope one：direct emissions	Tons CO_2	**12,604,354.31**	14,842,874.80
Scope one emission intensity	Tons CO_2/kWh electricity generated	**78.62 x 10^{-5}**	84.75 x 10^{-5}
Scope two：indirect emissions	Tons CO_2	**7,376.34**	4,950.36
Scope two emission intensity	Tons CO_2/kWh electricity generated	**4.60 x 10^{-7}**	2.83 x 10^{-7}

3 This indicator was sourced from all power generation projects under operation of the Group including a total of 121 project companies. Its calculation scope was expanded as compared to the previous reporting period. The changes mainly include taking into account the hydropower, solar power and other clean energy projects into calculation, as well as the addition of the wind power and natural gas-fired power (distributed) projects into the scope of calculation. The calculations of GHG reduction by planted trees were set out based on the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Building (Commercial, Residential or Institutional Purposes) in Hong Kong* published by the Electrical and Mechanical Services Department and Hong Kong Environmental Protection Department.

4 According to the requirement to the *Notice of Implementing 2019 Carbon Audit Reporting and Verification and Reporting the List of Major Emission Entities of the Power Generation Industry*, every regional administrative department in China will entrust third-party audit institutions to verify the provided GHG data of the Group. The review of the audit report will be completed before 31 May 2020. The verified GHG emission data according to the review shall prevail. The 2019 GHG emission data may be adjusted with reference to the audit result.

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

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

4.2 Controlling and Reducing Pollution

The wind power, hydropower, solar power and other clean energy power generation projects of the Group are eco-friendly businesses, and have no consumption of fossil fuel and hence negligible air emissions and GHG emissions, posing limited impacts on the environment and natural resources. The coal-fired and natural gas-fired power (distributed) projects may pose relatively significant impacts on the environment when compared to those clean power generation projects. The Group's operations are mainly based on clean energy power projects, which the installed capacity of the Group's coal-fired and natural gas-fired power (distributed) projects accounted for 28% of the overall installed capacity as of 31 December 2019. Nevertheless, the Group has strictly implemented environmental protection management and supervision over coal-fired and natural gas-fired power (distributed) projects in accordance with applicable laws and regulations, and also stringently required other power generation projects to put environmental protection measures into practice.

China has continuously strengthened its control of emissions to build a beautiful China and set out plans for enhancing ecological and environmental protection and winning the battle of preventing and controlling environmental pollution by issuing documents such as the *Three-year Action Plan to Win the Blue Sky Defense War*, the *Opinions of the Central Committee of the Party and the State Council on Strengthening the Ecological and Environmental Protection in All Aspects and Firmly Winning the Battle of Preventing and Controlling Environmental Pollution*, etc. In addition, emission reduction targets were set to be achieved by 2020, such as the reduction of the total emissions of sulfur dioxide and nitrogen oxides by more than 15% as compared to 2015, respectively. In response, the Group has advocated and implemented relevant policies timely, and continuously strengthened its environmental management by establishing a sound management system. Moreover, the Group set targets for the "Thirteenth Five-Year Plan" period, including "no occurrence of environmental pollution accidents, all thermal power generators reaching the ultra-low emissions standard, reducing the overall emission of pollutants", and strives to implement various environmental protection work for this goal.

Management Approach

The Group strictly implements the management measures which were formulated according to relevant environmental protection laws and regulations, including the *Comprehensive Evaluation Measures for Ecological Protection of China Huadian Corporation Limited (Trial)*, the *Supervision and Management Measures for Ecological Protection of China Huadian Corporation Limited*, the *Administrative Measures of "Three Simultaneities" for Environmental Protection and Water and Soil Conservation at Construction Projects of China Huadian Corporation*, the *Measures for Managing Emission Permits of China Huadian Corporation, the Measures for Managing Environmental Statistics of China Huadian Corporation*, etc. Meanwhile, the Group has been complying with relevant regulations of China and executing environmental protection work according to the principles of "comprehensive planning, making breakthroughs in key areas, precaution first, comprehensive management and control", and fully implemented pollution prevention and controlling plans based on Huadian Group's overall deployment plan. The Group organized each subsidiary to formulate implementation plans to "win the battle for preventing and controlling environmental pollution", and to strengthen pollution prevention measures and implement emission reduction practices by establishing ecological and environmental protection leading groups, such as the pollution control leading group, environmental protection monitoring and management group, etc., and building ecological and environmental protection teams. Specific departments and personnel are appointed for the rectification of environmental risks in the operation process with remediation measures covering aspects like air pollutants, water pollution, solid wastes, hazardous wastes and ecological protection. In addition, the subsidiaries of the Group have incorporated pollution prevention practices into their performance evaluation systems to ensure that work dedicated for the battle against pollution prevention and control are successfully implemented.

4.2.1 Air Pollutants

During the operation, the main air pollutants generated include sulfur dioxide, nitrogen oxides and particulate matter, which are mainly derived from the coal-fired power projects and natural gas-fired power (distributed) projects of the Group.

Annual Performance

The Group continuously enhances its operational supervisory management over its coal-fired power projects and natural gas-fired power (distributed) projects by implementing pollution prevention and control measures. Moreover, the Group ensures that the total amount of emissions by the aforementioned projects are strictly in compliance with relevant standards through real-time monitoring of emission data by the environmental protection information platform. In addition, a total of 8 generators in the coal-fired power projects of the Group completed ultra-low emission renovation, with the air pollutants generated from these projects all met relevant national requirements upon their implementation. Fujian Huadian Kemen Power Generation Company Limited entrusted a professional third-party testing technology company to conduct equipment performance test, including dust removal, desulfurization and denitrification, to ensure a proper operation of the environmental protection equipment in its generators. Subsequent to the completion of the ultra-low emission renovation in Fujian Huadian Yong'an Power Generation Company Limited, the emission concentrations of the company's generators has always met the ultra-low emission standard during their regular operation. During the Reporting Period, the particulate matter emissions per unit of electricity generation of the Group's coal-fired power generators decreased approximately by 13% as compared to the previous reporting period.

The below section outlines the Group's air pollutants emissions performance[7] as of 31 December 2019:

		Coal-fired power		Natural gas-fired power (distributed)	
Indicators	**Units**	**2019**	2018	**2019**	2018
Total power generation	kWh	**16,032,179,800.00**	17,513,697,900.00	**3,422,776,100.00**	2,620,624,700.00
Air pollutants					
Sulfur dioxide emissions	Tons	**993.42**	1,062.77	**23.09**	12.17
Sulfur dioxide emission intensity	Tons/kWh electricity generated	**6.20×10^{-8}**	6.07×10^{-8}	**0.67×10^{-8}**	0.46×10^{-8}
Nitrogen oxides emissions	Tons	**2,088.07**	2,194.98	**522.58**	285.57
Nitrogen oxides emission intensity	Tons/kWh electricity generated	**13.02×10^{-8}**	12.53×10^{-8}	**15.27×10^{-8}**	10.90×10^{-8}
Particulate matter emissions	Tons	**182.19**	228.58	**35.91**	3.85
Particulate matter emission intensity	Tons/kWh electricity generated	**1.14×10^{-8}**	1.31×10^{-8}	**1.05×10^{-8}**	0.15×10^{-8}

7 The listed data of air pollutants were the real-time monitoring data from coal-fired power projects and natural gas-fired power (distributed) projects. The data were sourced from 3 coal-fired power projects and 10 natural gas-fired power (distributed) projects of the Group. The calculation scope of natural gas-fired power (distributed) projects have expanded as compared to the previous reporting period, including the addition of 4 more power generation projects into the calculation scope.

4.2.2 Wastewater and Solid Wastes Management

During the Group's operation, wastewater and solid wastes are mainly generated by coal-fired power projects and natural gas-fired power (distributed) projects, while those generated by the clean energy power projects were relatively small. The Group has implemented environmental protection practices under relevant national and local standards of environmental protection to ensure compliance with relevant requirements relating to the treatment and disposal of wastewater and solid wastes.

Annual Performance

The wastewater generated from the coal-fired power projects and natural gas-fired power (distributed) projects of the Group was all treated through effective wastewater treatment systems. All coal-fired power projects and most of the natural gas-fired power (distributed) projects of the Group have implemented zero discharge practices for the industrial wastewater generated. The treated wastewater would be reused for greening and sanitation in the plant areas. Taking Fujian Huadian Kemen Power Generation Company Limited as an example, it has applied the method of "separation of drainage and sewage system and sorting treatment" to collect industrial wastewater in the industrial water treatment plant for centralized treatment, while sewage is collected and sent to the sewage treatment plant for treatment. The treated wastewater that meets relevant standard would be reused, actualizing zero discharge of wastewater, and promoting the utilization efficiency of water resources. The Group's clean energy power projects have also strengthened wastewater management during construction and operation in accordance with relevant requirements to ensure compliance during the discharge of wastewater.

Regarding solid wastes, the hazardous wastes generated by the Group during the Reporting Period mainly included spent lubricating oil, spent denitrification catalysts, used batteries, etc., while the non-hazardous wastes generated by the Group were mainly desulfurization gypsums, coal ashes, bottom ashes and domestic wastes. Hazardous wastes generated were delivered by the Group to qualified third parties for centralized treatment in accordance with the requirements of relevant environmental protection department. As for the non-hazardous wastes, the Group proactively promoted circular economy that, for instance, the desulfurization gypsums were sold for the production of cement concrete, so as to reuse resources, while other non-hazardous wastes were comprehensively treated by qualified third parties.

Moreover, the Group's subsidiaries took the following measures to reduce waste:

- Formulating relevant waste management systems and setting up storage locations for solid wastes and hazardous wastes to handle them by categories;
- Strengthening equipment inspection and management of "running, steaming, dripping and leaking" for oil systems to reduce the generation of spent lubricating oil;
- Providing operational training to employees regularly to strengthen their skills in operation and maintenance; and
- Putting up bulletin boards and posting slogans relating to clean production and carrying out environmental protection publicity.

Taking Fujian Huadian Kemen Power Generation Company Limited and the Company's Hua'an Hydropower Plant as examples, they formulated and implemented the Hazardous *Wastes Management System* according to the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations to enhance their systematic and professional management of hazardous wastes. Moreover, they established the standardized indicator management system for hazardous wastes and created a leading management team for hazardous wastes management.

During the Reporting Period, 149,614.22 tons of desulfurization gypsums were generated.

The below section outlines the performance[8] of the wastewater discharged and solid wastes generated by the Group as of 31 December 2019:

Indicators	**Units**	**2019**
Amount of wastewater discharged	Tons	**1,086,982.00**
Hazardous wastes	Tons	**262.35**
Non-hazardous wastes	Tons	**1,197,127.68**

8 The data of wastewater discharged and solid waste generated were sourced from all of the Group's power generation projects that have been put into operation including a total of 121 project companies. The calculation scope has expanded as compared to the previous reporting period, which the hydropower, solar power and other clean energy projects have been taken into the calculation's account as well as the addition of the wind power and natural gas-fired power (distributed) projects into the scope of calculation. Due to the changes of calculation scope, the intensity of these indicators may be disclosed in the future.

4.3 Conserving Resources and Increasing Efficiency

The major types of energy and raw materials consumed by the Group include coal, natural gas, electricity, diesel and water resources, while the generators of the clean power generation projects of the Group make efficient use of wind power, solar power, nuclear power and other renewable energy. Promoting energy saving and intensive use of resources, and actively responding to global climate change is an important task in China's development plan, and is also an important aspect which require companies to actively undertake counter-measures and make contributions.

Management Approach

The Group strictly abides by the policies and practices relating to the use of resources, such as the *Law of the PRC on Conserving Energy*, the *Cleaner Production Promotion Law of the PRC,* the *Environment Compliance Guidance for Thermal Power Enterprise*, etc. Moreover, the Group devotes itself to integrating the green and environmental concept into its production and operation. The subsidiaries of the Group have formulated and implemented energy-saving monitoring and management system, and implemented rules for technically monitoring energy-saving and other management systems in order to implement water and electricity saving and emission reduction measures, water use, electricity, coal and other resources scientifically and reasonably, and promote the establishment of a resource-saving enterprise. At the same time, Gansu Huadian Fuxin Energy Company Limited, Gansu Huadian Golmud Solar Power Company Limited and other subsidiaries of the Group in Gansu have formulated and implemented management systems of energy conservation and emission reduction to better implement the fundamental national policy of resource conservation, strengthen management and enhance employees' awareness in energy saving. They have also improved the evaluation mechanism of energy saving to achieve goals of energy conservation management.

Moreover, Shanghai Huadian Fuxin Power Company Limited has established and improved the long-term management and control mechanism for energy conservation and emission reduction. The company created an energy-saving leading group led by the general manager and a working group, whom is responsible for the daily management of energy conservation and emission reduction; studying and formulating energy-saving and emission reduction plans; and organizing, implementing and monitoring key projects and major measures for energy-saving and emission reduction. Meanwhile, the company formulated and refined the management systems and the standards of energy conservation and emission reduction in a timely manner, such as the energy conservation management system, management system for operation performance competition, water management system, etc.

4.3.1 *Energy Usage Management*

Annual Performance

The Group actively organizes its subsidiaries to carry out energy conservation and emission reduction practices and continuously promotes resources conservation and recycling mainly by taking the following measures:

- Setting goals of energy-saving and emission reduction, arranging technical renovation projects rationally, promoting various energy-saving measures steadily and evaluating energy-saving projects;

- Establishing performance indicator analysis and management systems, conducting regular energy-saving analysis, holding meetings of energy-saving monitoring and analysis to evaluate equipment management and energy-saving management, etc., and exploring the potential to save energy by discussing the existing problems and conducting gap analysis;

- Continuously improving operation and performing standardized operations;

- Carrying out performance indicator competitions to improve the generators' operation and to elevate operating personnel's enthusiasm and motivation; and

- Establishing an evaluation and assessment system and evaluating the progress of energy-saving and emission reduction, and conduct a special evaluation for energy-saving projects against their amount of energy saved and the reporting cycle.

During the Reporting Period, Huadian (Zhangping) Energy Company Limited carried out the following energy conservation practices focusing on energy saving, emission reduction and improvement of equipment reliability: strengthening control of performance indicators, adhering to carry out energy conservation analysis on a monthly basis, and improving performance of energy consumption; establishing task force groups, and formulating and implementing measures for energy conservation; implementing the evaluation and rectification of energy conservation practices and supervising the implementation of rectification, etc. The company improved energy consumption efficiency with the result of saving coal consumption in equivalent of 3.50 g/kWh by continuously optimizing the operation of the fly ash re-burning system and maximizing the utilization of the system; meanwhile, the company carried out blending of solid waste fuel, as of October 2019, with a total of 396 tons of blended biomass, which saved in equivalent of 282 tons of standard coal. In addition, the coal consumption for power supply of Fujian Huadian Yong'an Power Generation Company Limited was 3.84 g/kWh lower than the annual plan and decreased by 4.59 g/kWh on a year-on-year basis, which was achieved through the implementation of energy consumption management and various technical measures.

4.3.2 Water Resources Management

Annual Performance

In terms of water sourcing, the Group takes full consideration on the issues of various projects' in obtaining water, and obtains thorough understanding of water stress in the regions where projects are located during the project design phase. Since both of the coal-fired power projects and hydropower projects of the Group are located in the areas of Fujian Province that are characterized by rich and diverse water resources, there have been no difficulties with water sourcing. For the other power projects of the Group, the local water sourcing situation of these projects have been studied proactively with appropriate water withdrawal measures adopted to ensure there are sufficient water supply. In terms of water usage, the coal-fired power projects of the Group have recycled and reused the treated industrial wastewater to reduce water consumption, and have further promoted the comprehensive usage of water resources and elevated water usage efficiency by reusing industrial water.

Moreover, the Group has also adopted the following measures to reduce water consumption and decrease water consumption per unit of power generation:

- Formulating detailed water management regulations, and establishing ledgers of water consumption and discharge of major systems to monitor the performance of main water supply and drainage systems;

- Strengthening water management, standardizing operation and maintenance to eliminate water consumption caused by abnormal operation or operational problems, and initiate investigation on water pipeline networks;

- Recycling and reusing wastewater and industrial cooling water from heat recovery boilers, etc.; and

- Strengthening water conservation education.

The below section outlines the energy consumption[9] and water consumption[10] of the Group as of 31 December 2019:

Indicators	Units	2019
Water consumption	Tons	**22,594,767.86**
Intensity of water consumption	Tons/kWh electricity generated	**5.91×10^{-4}**
Purchased electricity	kWh	**84,729,835.79**
Intensity of purchased electricity	kWh/kWh electricity generated	**1.78×10^{-3}**
Coal	Tons	**8,047,019.16**
Intensity of coal	Tons/kWh electricity generated	**1.69×10^{-4}**
Natural gas	Ten thousand cubic meters	**122,662.78**
Intensity of natural gas	Ten thousand cubic meters/kWh electricity generated	**2.57×10^{-6}**
Gasoline	Tons	**884.59**
Intensity of gasoline	Tons/kWh electricity generated	**1.85×10^{-8}**
Diesel	Tons	**609.33**
Intensity of diesel	Tons/kWh electricity generated	**1.28×10^{-8}**

9 This data of energy consumption were sourced from all power generation projects under the operation of the Group including a total of 121 project companies. The calculation scope has expanded as compared to the previous reporting period, which the hydropower, solar power and other clean energy projects have been taken into the calculation's account as well as the addition of the wind power and natural gas-fired power (distributed) projects into the scope of calculation.

10 Since the water used for power generation by hydropower projects was returned to the river subsequent to the power generation process, and was then used by downstream units, hence, water consumptions of the hydropower generators were not included into the calculation scope of water consumption. The water consumption data were sourced from all power generation projects that were in production with the exclusion of the hydropower projects, which includes a total of 104 project companies. The calculation scope has expanded as compared to the previous reporting period, which the solar power and other clean energy projects have been taken into the calculation, as well as the addition of the wind power and natural gas-fired power (distributed) projects into the scope of calculation.

4.4 Building A Green Ecological Environment

Management Approach

The Group strictly complies with the relevant policies and regulations on minimizing the significant impact on the environment and natural resources, including but not limited to the *Law of the PRC on Appraising of Environment Impacts (2018 edition)*, the *Notice of Implementing the Emergency Response for Environmental Emergencies in 2019*, the *Catalogue of Construction Projects Whose Environmental Impact Assessment Are Subject to the Approval of the Ministry of Ecology and Environment of the PRC (2019 Edition), the National Key Work of Atmospheric Pollution Prevention and Control,* the *Implementation Measures for the Supervision and Inspection over Environmental Protection of China Huadian Corporation (2016 edition),* the *Implementation Plan for the Opening of Environmental Protection Facilities and Municipal Sewage and Domestic Waste Treatment Facilities to the Public in 2019*, the *Comprehensive Evaluation Measures for Ecological Protection of China Huadian Corporation Limited (Trial)* and the *Ecological and Environmental Protection Supervision and Management Measures of China Huadian Group Corporation Limited*. The Group also ensures that emissions generated from its operation, such as air emissions, wastewater, noise, and other aspects meet relevant standards, such as the *Emission Standard of Air Pollution for Coal-fired Power Plants,* the *Notice on the Implementation of the Management of Discharge Permits for Wastewater Treatment*, etc.

Annual Performance

The Group has conducted environmental impact assessments for construction projects or operating projects according to relevant requirements. Subsequent to the identification of environmental impact factors, the Group has formulated and implemented various environmental protection measures in a more effective way. The environmental impact factors found in the operation of the Group's wind power projects mainly include electromagnetic radiation, the impact of water loss and soil erosion and the impact on the adjacent wildlife. Hence, Group proactively conducted impact electromagnetic radiation assessments for the wind power projects, and undertook effective measures according to the results of the assessments. For instance, equipment with good electromagnetic shielding performance was chosen to minimize its impact on the surroundings.

Moreover, the Group has formulated the "three simultaneities" plan for water and soil conservation according to relevant requirements, and taken measures for soil and water conservation, construction projects, ecological restoration and monitoring of water and soil conservation monitoring in accordance with regulations. Measures such as greening, building shelterbelts, etc., have been taken to minimize the impacts of water loss and soil erosion from construction work and to restore natural landscape of the area. For example, the wind power project in Xizhoushan, Dingxiang, of Huadian Fuxin Shanxi Dingxiang Wind Power Company Limited set up an implementation organization composed of the "three simultaneities" leading group of environmental protection, working groups, responsible personnel of construction projects and third-party supervision units to effectively implement environmental protection and soil and water conservation practices following the "three simultaneities".

5. SAFETY, CAREFULLY SAFEGUARDING LIVES

5.1 Taking Production Safety at the First Place

The Group consistently implements the principle of "safety first, focusing on prevention, and taking comprehensive governance approach" in work safety management. We always strive for a safe development, firmly established the concept of safety development, vigorously promoting the idea of "Life first, Safety first", and constantly enhancing the "red line awareness" and awareness of dangers. We aim to achieve manageable and controllable safe production to protect employees from occupational hazards by putting our stringent safe production responsibility system into practice.

Management Approach

The Group has formulated and implemented administrative regulations and measures, such as the *Safe Production Responsibility Systems of Headquarter of Huadian Fuxin Energy Corporation Limited, the Regulation on Safe Production Work of the Headquarter of Huadian Fuxin Energy Corporation Limited,* the *Working Regulations for Safe Production Committee of Huadian Fuxin Energy Corporation Limited,* the *Administrative Measures for Reporting Unsafe Accidents (Incidents) of Huadian Fuxin Energy Corporation Limited,* the *Measures of Investigation and Evaluation of Responsibilities in Unsafe Incidents of Huadian Fuxin Energy Corporation Limited,* the *Management System for Preventing Traffic, Electric Shock, and Falling Personnel Injuries of Huadian Fuxin Energy Corporation Limited*, the safety handbook, the regulations for administration of labor protection articles, the contingency plan for specific case. The Group has also strictly complied with administrative measures, such as the *Regulations on Electricity Safety of China Huadian Group Corporation Limited,* the *Management Measures for Safe Production and Emergency Response of China Huadian Group Corporation Limited,* the *Supervision and Management Measures of Safe Power Generation of China Huadian Group Corporation Limited*, etc.

All subsidiaries of the Group have established safe production accountability systems according to relevant regulations and their circumstances. They have enhanced workplace safety management, and have timely and accurately identified risk factors to reduce risks of accidents. The safe production accountability system consists of the safe production safeguarding system and supervision system, which stipulates the safe production responsibilities for personnel at each position in each department, to firmly manage safe production with a clear division of responsibility. Moreover, the Group has established supervision and inspection mechanisms for the safe production accountability mechanism to ensure its implementation and the functions of supervision involving all levels of participation being brought into full play.

In addition, the Group has formulated and implemented mature management systems for training production personnel. Safety training archives of employees have been set up to record their training and examination results relating to safe production procedures, regulations, safety knowledge, safety skills, etc. Moreover, the Group has formulated annual education and training plans, and carried out talent development and cultivation as planned for the operation and management, professional (management skills) and technical operation. Additionally, the Group organizes the safe production "technical skills" competition whenever necessary.

Annual Performance

The Group comprehensively strengthens safety management and increase risk control capability by advocating and implementing national policies, strengthening systems establishment, and implementing rectification measures:

- Learning and implementing policies and systems related to safety of China and Huadian Group timely and proactively;

- Persisting in implementing every safety deployment and requirements of China and Huadian Group, establishing a long-term safety management mechanism, and strengthening the establishment of safety system by formulating the *Administrative Measures for Reporting Unsafe Accidents (Incidents) of Huadian Fuxin Energy Corporation Limited* to prevent serious risks;

- Implementing the safe production accountability system resolutely, and clarifying the scope of safety responsibilities and evaluation standards for personnel at all levels;

- Fulfilling the requirements of Huadian Group to carry out safety inspections in two seasons, "Spring and Autumn", and urging the implementation of rectifications in problematic areas;

- Urging all units to carry out activities of "Safe Production Month" and "Ankang Cup", holding first-aid training seminars with the theme of "Safety First, Life First", and enhancing employees' awareness, skills of safety protection and ability to prevent risks by carrying out online trainings on fire safety knowledge and environmental management systems; and

- Urging all units to carry out identification and management of hidden safety dangers, consolidating the foundation for safe production to ensure that production risks are controllable.

The safety kick-off meeting of Huadian Fuxin Anhui New Energy Company Limited

5.2 Ensuring Stable Power Supply

As an energy supply company, the Group's customers are grid companies and large industrial users whom directly trade power generation rights. To provide stable and efficient energy to customers is not only the Group's mission, but also an important task to ensure social development.

On 1 April 2019, the State Council announced the official implementation of the *Regulations on Emergency Response to Work Safety Accidents*. This regulation strengthens the importance of emergency preparedness in the management of emergencies and clarifies the responsibilities of relevant parties involved in any safe production emergency. In response, the Group continues to promote emergency management in our production and operation, and has established and improved the accountability system of emergency response for safe production accidents.

Annual Performance

All subsidiaries adhered to lean management by continuously strengthening equipment operation and maintenance management, strengthening the elimination of equipment defect, and carefully implementing measures to prevent "unscheduled downtime" to ensure safe and reliable operation of equipment and reliable supply of electricity and heat. All subsidiaries also actively carried out specialized inspections and continuously promoted safety management to ensure a safe, reliable and stable operation of equipment. In addition, all subsidiaries focused on personnel training to improve his/her comprehensive skills. All subsidiaries took measures for network information safety and complete various tasks and indicators to ensure a stable power supply. The Group values the opinions of customers, and thereby maintains smooth communication with customers and provide timely feedback to address their needs by improving the management of customer services, such as having in place customer service hotline and WeChat public platform.

In order to implement emergency response management, all subsidiaries of the Group conscientiously formulated and carried out emergency drills to guarantee power supply on important days, such as New Year's Day, Spring Festival, summer peak, National Day, and other important events, while flood prevention is a major task for hydropower projects. In addition, the Group has also carried out safety hazards troubleshooting and safety checks, as well as safety publicity activities, to promote the concept of safety responsibility and intrinsic safety at all levels. Moreover, the Group has implemented strictly the troubleshooting of safe production hazards accordingly, which is thoroughly implemented into the identification and checking processes conducted by the production management, safety management and frontline personnel. A report outlining the assessment results is then prepared and archived, with rectification measures carried out as planned. If the acceptance test is qualified, it will be written off, otherwise, rectification measures would have to be revised, forming a closed-loop management. Moreover, the Group has proactively carried out specific inspections, carefully implementing rectification plans and safe production inspections.

An emergency drill of Gansu Huadian Golmud Solar Power Company Limited

A meeting of emergency response plan in Huadian Nanning New Energy Company Limited

An emergency drill of Shanghai Huadian Fuxin Power Company Limited

An emergency drill of Huadian Zhangzhou Energy Company Limited

The Group has formulated and implemented relevant regulations, which stipulate the development, use, maintenance and other aspects of the information systems and internal networks within the company to ensure a safe and stable operation of the internet and information systems and to prevent risks effectively. All subsidiaries of the Group have also formulated protection plans for internet and information security, prepared self-inspection reports and emergency response plans to ensure information system security, and to strengthen and improve emergency response measures. By doing so, subsidiaries could then effectively prevent, timely control and minimize the hazards and impacts that may be brought about by information security emergencies. In addition, as for the information of clients, the Group keeps and manages them strictly in compliance with applicable laws, regulations and privacy protection measures to ensure its safety.

5.3 Occupational Health and Safety

Management Approach

The Group strictly complies with national laws and regulations and industry standards and procedures relating to the provision of a safe working environment and the protection of employees from occupational hazards, including but not limited to the *Law of the PRC on the Prevention and Treatment of Occupational Diseases* and the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, and the *Supervision Regulations of Occupational Health in the Workplace of China Huadian Group* formulated by Huadian. The Group has also formulated and implemented the enterprise's standards of occupational health management, the occupational health supervision management system, etc.

In order to thoroughly implement the above laws and regulations, strengthen the management of occupational disease prevention, control and ensure the protection of workers' health and safety in the course of work, the Group has formulated the *Management System to Prevent Traffic Accidents*, *Electric Shocks*, and *Falling Injuries of Huadian Fuxin Energy Corporation Limited*, issued occupational disease prevention and control plans and implementation programs which are constantly refined to achieve the goal of occupational disease prevention. In addition, the Group promotes the implementation of the occupational disease accountability system by enhancing occupational health work and organizing occupational health trainings. Moreover, the Group commissioned qualified units to carry out the investigation of occupational hazards, distributed personal protective equipment to employees and put up occupational health and safety signs at workplace. The wind power projects of the Group have entrusted qualified occupational health technical service institutions to conduct occupational hazards assessment for their construction projects. Evaluation reports were then prepared to outline projects' effectiveness in controlling occupational hazards, further improving their occupational disease prevention and occupational health management.

The occupational health and safety signs of Huadian (Ninghua) New Energy Company Limited

The safety risk bulletin board of the Group

6. EMPLOYEES, DEVELOPING AND ACHIEVING SELF-WORTH

6.1 Protecting Employee Rights and Benefits

The ever-expanding economic growth and the continuous introduction of new technologies and equipment have put forward higher requirements for professional quality of power generation companies. Teams of high competency must be established to gain a foothold in the market with fierce competition. Therefore, it has always been the Group's priority to protect employees' rights, provide a working environment with competitive advantages, and to attract, retain and motivate employees.

Management Approach

The Group formulated and implemented the *Measures for the Labor Contract Management of Huadian Fuxin Energy Corporation Limited* and other measures for human resources management. The subsidiaries of the Group have developed management measures in accordance with relevant laws and regulations and with reference to their actual situation. Regarding the prevention of child labor, the Group strictly complies with the applicable laws and regulations, such as the *Law of the PRC on the Protection of Minors*, resolutely objecting to hire child labor under 16 years old as an employee. In addition, the Group has established employment policies that advocate equality and diversity and does not discriminate against employees because of race, nationality, color, gender and other conditions.

Based on the *Measures for the Recruitment Management of College Graduates of China Huadian Corporation* and the Company's recruitment management measures, the Group conducts employee recruitment via an open, impartial and fair talent-acquisition mechanism, and strictly reviews candidates' information during the recruitment process to prevent the hiring of child labor. The Group enters into labor contracts with employees in accordance with the law to clearly state matters such as employee remuneration, position, working hours and reasons for termination of employment.

At present, the payroll system of the Group primarily comprises basic salary and performance-based bonuses. In order to attract, retain and motivate outstanding employees, the Group has established a performance-based compensation management system combining with the actual management situation, to carry out salary adjustments or promotion for employees based on their work performances.

The Group provides social insurance funds for employees (including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds to employees. In addition, the Group also provides supplementary medical insurance and enterprise annuity fund for its employees. The Group's people-oriented leave and holiday policies ensure that employees can legally enjoy paid leaves and other statutory holidays in accordance with relevant regulations. Subsidies are also provided for work outside of normal working hours to prohibit the use of forced labor.

Annual Performance

The Group established various channels to maintain smooth communication with employees and constantly develops channels for employees to express their reasonable demands by organizing employee meetings, interviews, etc., to protect employees' rights to know, to participate and to express. By doing so, we are able to depend highly on our employees to operate our business.

The Company held the 2019 Work Conference and the Second Meeting of the First Employee's Representative Conference to study and implement Xi Jinping Thought on Socialism with Chinese Characteristics of a New Era and the spirit of the 19th National Congress of the Party. The Company summarized its work in 2018, analyzed the situation it faced, and deployed missions for 2019

An employee group photo of Fujian Huadian Yong'an Power Generation Company Limited

As of 31 December 2019, the Group had 9,045 employees in total. The following tables presents a breakdown of employees by categories.

Indicators	2019	2018
Total number of employees	**9,045**	9,136
Total number of employees by gender		
Male	**7,038**	7,109
Female	**2,007**	2,027
Total number of employees by business types		
General administration	**176**	178
Hydropower	**2,679**	2,706
Wind power	**1,526**	2,541
Coal-fired power	**2,400**	2,424
Other clean energy	**2,264**	2,287
Total number of employees by education background		
Postgraduate or above	**201**	203
Undergraduate	**3,863**	3,902
Junior college	**2,688**	2715
Technical secondary school and technical school	**1,201**	1,213
Senior high school or below	**1092**	1,103
Total number of employees by age group		
55 years old or above	**424**	428
50–54 years old	**1,417**	1,431
45–49 years old	**1,692**	1,709
40–44 years old	**1,285**	1,298
35–39 years old	**777**	785
30–34 years old	**893**	902
25–29 years old	**1,612**	1,628
24 years old or below	**945**	955

6.2 Development of Talent Cultivation

Management Approach

The Group closely adheres to the development objectives of Huadian Group and the strategic plans of the Company to firmly establish the concepts of "talent is the primary resource of the enterprise" and "seizing talent is crucial to promoting the enterprise's development", implementing strategies to strengthen both talents and the enterprise. The Group has formulated plans for building teams of talents, which focus on training talents in the areas of management, finance, compliance issues for listing company and other aspects. The Group also implemented a comprehensive training management system for the production personnel and organized safe production trainings, to ensure the building of an excellent team.

Annual Performance

During the Reporting Period, the Company's achieved a 100% training rate for all the employees, with an average of 10 hours of training per employee. The Group strengthens the capacity of the team of trainers and increases capital input to the four training bases that consist of the coal-fired power, hydropower, wind power and natural gas-fired power (distributed) of the Group. We have carried out trainings to cultivate professional (management technology) and technical operation personnel, and have commenced and completed four lectures of the "Fuxin Lecture Hall" series on topics such as offshore wind power and legal compliance throughout the year, with a total of 110 person-times.

The Group carried out a series of lectures with the theme of "Fuxin Lecture Hall"

A fire drill training of Fujian Huadian Ximen Power Generation Company Limited

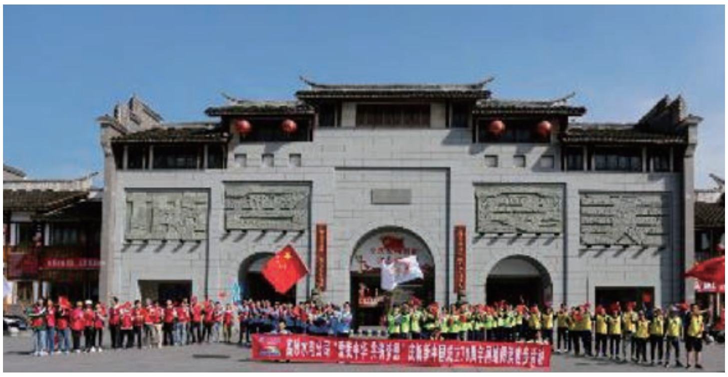
An on-site technical training of the wind power subsidiary of
Huadian (Zhangping) Energy Company Limited

6.3 Vibrant Life at Fuxin

The Group always cares about the physical and mental health of our employees, promotes employees' wellbeing through organizing various cultural and sports activities to create a dynamic work environment. During the Reporting Period, the activities organized by the Group included a tour to Xiang Mountain, visited the "Achievement Exhibition on the 70th Anniversary of the Founding of the PRC", held basketball games and trekking activities, etc.

The Company organized a patriotic education tour to Xiangshan Park

The employees of the Company visited the "Achievement Exhibition on the 70th Anniversary of the Founding of the PRC"



Fujian Huadian Gaosha Hydropower Company Limited launched the reading online and walking activity of "Love China, Dream Together", to celebrate the 70th anniversary of the founding of the PRC

An employee basketball game of Shanxi Ruicheng Huadian Fuxin Solar Power Company Limited

7. PARTNERS, COMMUNICATING AND MOVING FORWARD HAND IN HAND

7.1 Sustainable Supply Chain

Management Approach

In order to regulate the Group's supplier management and assessment work, to control procurement cost and enhance procurement efficiency, as well as to control the environmental and social risk of the supply chain, the Group has formulated and implemented administrative measures according to relevant laws and regulations, such as the *Measures for the Administration of Procurement of Huadian Fuxin Energy Corporation Limited*, the *Measures for the Supplier Management of Huadian Fuxin Energy Corporation Limited (Trial),* the *Administrative Measures on Bidding of Huadian Fuxin Energy Corporation Limited*, etc. Furthermore, the procurement management of the Group is strictly in compliance with the laws and regulations, such as the *Bidding Law of the PRC*, etc., under the principles of "openness, fairness, justice and in good faith".

Annual performance

Regarding supplier management, the Group has established a categorized supplier list in the form of an online platform according to the measures of supplier management. Supplier assessment is conducted based on principles that combines quantified and qualified assessment and real-time and periodic assessment. Criteria for supplier assessment mainly include the management levels of the suppliers, their performances in quality, safety and service areas, whether they are certified with the ISO 14001 Environmental Management System, whether comprehensive policies and objectives regarding quality and environment are in place, and whether there were any negative social impacts on production, operation or construction. Through this dynamic quantified assessment, the Group hopes to continuously optimize the selection of suppliers and keep any procurement risks under control.

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

Coal is the main raw material for coal-fired power projects of the Group. The environmental and social risks in coal supply pose certain impacts on the Group's coal-fired power business, such as the disruption of coal supply or quality of coal. Facing the changes of the coal market, the Group continuously performs analysis on the trend of the coal market, optimizes coal inlet structure, and strengthens procurement strategy management to ensure stable power supply, so as to control relevant risks and enhance the Group's risk response capability. In addition, as coal combustion generates air pollutants, to protect the environment, the Group has imposed strict control over the quality coal, and established a coal sampling and testing system to prioritize the use of coal of high calorific value, low sulfur and low ash content. Prior to its' acceptance, a sampling test on the coal to be received is conducted to ensure that the Group's requirements on the coal's quality are met.

7.2 Delivering Care to the Community

Management Approach

The Group actively fulfills its corporate responsibilities and delivers the corporate's cares by upholding the concept of "China Huadian, Care Everywhere". In addition, the Group proactively responds to the call of "persisting in targeted poverty alleviation and winning the battle against poverty" by proactively organizing targeted poverty alleviation activities, and sponsoring impoverished students and other charity activities. The Group actively gives back to the society by delivering the corporate's cares and hopes to more people.

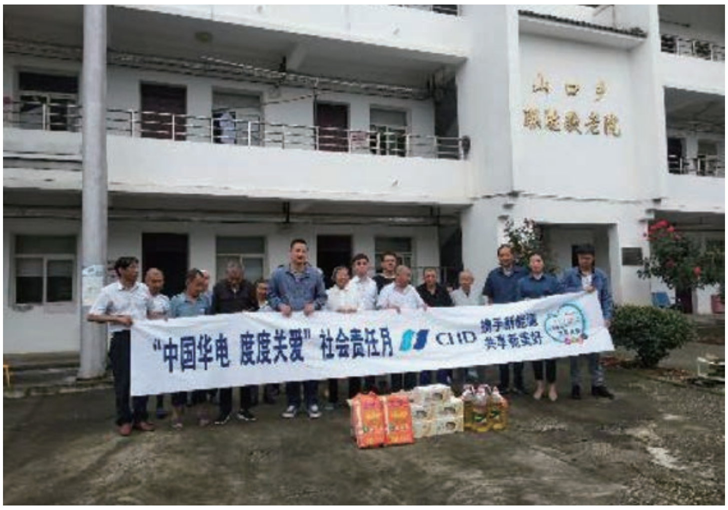
Moreover, the Group always takes great care of its employees and has established long-term mechanisms to precisely help employees in need by providing basic living allowance and helping those who have severe illnesses.

Annual Performance

Each subsidiary carried out a series of activities of "Caring Everywhere" by actively organizing voluntary service activities as well as holding public open day activities, to explain power plants' operation and environmental protection work to participants, so as to strengthen our communication with the community, and enabling the public to know more about the power plants.

During the Reporting Period, the donation made by the Group for community investment amounted to approximately RMB7.99 million, which were donations for poverty alleviation and charitable donations to Fujian, Inner Mongolia, Hunan, Zhejiang and other areas. In addition, the donations made by the employees of the Group's headquarter for targeted procurement of agricultural products from the poor districts in Xinjiang amounted to approximately RMB0.03 million.

Hunan Huadian Chenzhou Wind Power Company Limited held a volunteer service activity of "Helping Rural Areas to Fullfill Their Missions, Caring about Development and Exercising Our Initial Intention"



Huadian Fuxin Anqing Wind Power Company Limited launched a “Caring Everywhere” activity to send care to senior citizens and children

Huadian Nanning New Energy Company Limited launched a public open day activity of “Caring Everywhere, Ways to Be Low-carbon”

Fujian Huadian Shaowu Energy Company Limited launched a public open day activity of "Caring Everywhere"

8. LIST OF COMPLIED ESG-RELATED LAWS AND REGULATIONS

Aspects of the *ESG Reporting Guide*	**The complied laws and regulations that have a significant impact on the Group (including but not limited to)**	**The performance during the Reporting Period**
Environmental		
Aspect A1: Emissions	The *Environmental Protection Law of the PRC,* the *Law of the PRC on Appraising of Environment Impacts,* the *Law of the PRC on the Prevention and Control of Atmospheric Pollution,* the *Water Pollution Prevention and Control Law of the PRC, the Water and Soil Conservation Law of the PRC,* the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste,* the *Environment Compliance Guidance for Coal-fired Thermal Power Enterprise,* the *Emission Standard of Air Pollutants for Thermal Power Plants,* and the *Environmental Protection Tax Law of the PRC* and the *Notice of NDRC on GHG Emissions Reporting by the Major Enterprise and Public Institutions*	No violation of laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation and disposal of waste

Aspects of the *ESG Reporting Guide*	The complied laws and regulations that have a significant impact on the Group (including but not limited to)	The performance during the Reporting Period
Social		
Aspect B1: Employment	The *Labor Law of the PRC,* the *Labor Contract Law of the PRC* and the *Trade Union Law of the PRC*	No violation of laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare
Aspect B2: Health and Safety	The *Work Safety Law of the PRC,* the *Law of the PRC on the Prevention and Treatment of Occupational Diseases* and the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*	No violation of laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards
Aspect B4：Labor Standards	The *Labor Law of the PRC* and the *Law of the PRC on the Protection of Minors*	No violation of laws and regulations that have a significant impact on the Group relating to the prevention of child labor and forced labor
Aspect B6: Product Responsibility	The *Work Safety Law of the PRC* and the *Law of the PRC on the Protection of Consumer Rights and Interests*	No violation of laws and regulations that have a significant impact on the Group relating to safe production. No violation nor complaints received regarding customer privacy or loss of customer information
Aspect B7: Anti-corruption	*The Criminal Law of the PRC*, relevant regulations of the State-owned Assets Supervision and Administration Commission of the State Council, the *Listing Rules* and fair competition rules	No legal cases of corruption happened, and no incidents involving illegal business investments that result in the loss of state-owned assets or other serious and adverse consequences happened

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

General Disclosures and KPIs	Description	Relevant Section(s) in the ESG Report or Explanation
	Environmental	
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	4 and 8
KPI A1.1	The types of emissions and respective emissions data	4.1 and 4.2
KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.1
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.2
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	4.2
KPI A1.5	Description of measures to mitigate emissions and results achieved	4.1 and 4.2
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	4.2

General Disclosures and KPIs	Description	Relevant Section(s) in the ESG Report or Explanation
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	4.3
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	4.3
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	4.3
KPI A2.3	Description of energy use efficiency initiatives and results achieved	4.3
KPI A2.4	Description of whether there are any issues in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	4.3
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	Not applicable[11]

11 Due to the business nature of the Group, this disclosure is not applicable to the Group.

General Disclosures and KPIs	Description	Relevant Section(s) in the ESG Report or Explanation
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	4.2 and 4.4
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	4.2 and 4.4
	Social	
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	6.1 and 8
KPI B1.1	Total workforce by gender, employment type, age, group and geographical region	6.1

General Disclosures and KPIs	Description	Relevant Section(s) in the ESG Report or Explanation
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	5.1, 5.3 and 8
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	6.2
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	6.1 and 8

General Disclosures and KPIs	Description		Relevant Section(s) in the ESG Report or Explanation
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain		7.1
Aspect B6: Product Responsibility			
General Disclosure	Information on:		5 and 8
	(a)	the policies; and	Remark: due to the Group's business nature, disclosures relating to the health, advertising and labeling of power supply are not applicable to the Group.
	(b)	compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	

General Disclosures and KPIs	Description	Relevant Section(s) in the ESG Report or Explanation
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	3.1 and 8
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	8
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	3.1
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	7.2

I. CORPORATE GOVERNANCE

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

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

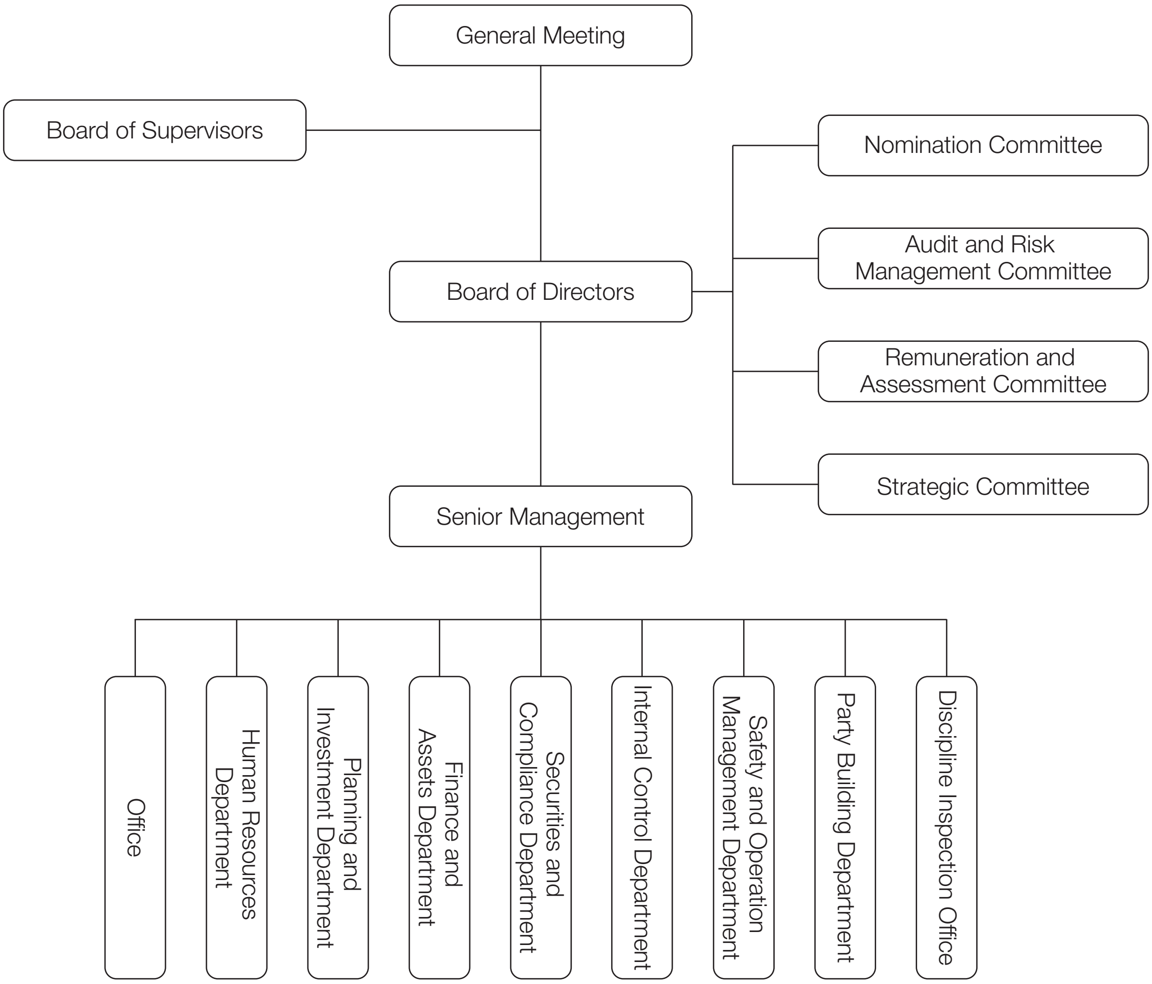
II. COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

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

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

III. CORPORATE GOVERNANCE STRUCTURE

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



IV. THE BOARD

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

(I) Composition of the Board

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

The biographical details of the Directors as at the date of this report are set out on pages 33 to 37 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

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

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

Name	Position held in the Company	Date of Appointment/Re-election
Mr. HUANG Shaoxiong	Chairman of the Board and Executive Director	Appointed on 25 August 2017
Mr. WU Jianchun	Executive Director	Appointed on 25 August 2017
Mr. DU Jiangwu	Executive Director	Appointed on 21 June 2019
Mr. TAO Yunpeng	Non-executive Director	Re-elected on 29 June 2017
Mr. SHI Chongguang	Non-executive Director	Appointed on 28 December 2018
Mr. WANG Bangyi	Non-executive Director	Appointed on 21 June 2019
Mr. ZHANG Bai	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. TAO Zhigang	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. WU Yiqiang	Independent Non-executive Director	Re-elected on 29 June 2017
Mr. LI Lixin	Former Executive Director	Re-elected on 29 June 2017 and resigned on 21 June 2019
Mr. MEI Weiyi	Former Non-executive Director	Re-elected on 25 August 2017 and resigned on 21 June 2019

(II) Board Meeting

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

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

During the Reporting Period, eight meetings were held by the Board. The attendance record of the Directors at the Board meetings is disclosed on page 124 of this report.

(III) Power Exercised by the Board and the Management

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

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

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

(IV) Directors' Trainings

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

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

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

Directors	**Studying Materials** *times*	**Participation in Training Courses** *times*
Executive Directors		
HUANG Shaoxiong	2	2
WU Jianchun	2	2
DU Jiangwu[1]	2	2
LI Lixin[2]	0	0
Non-executive Directors		
TAO Yunpeng	2	2
SHI Chongguang	2	2
WANG Bangyi[3]	2	0
MEI Weiyi[4]	0	0
Independent Non-executive Directors		
ZHANG Bai	2	2
TAO Zhigang	2	0
WU Yiqiang	2	2

Notes:

1. Mr. DU Jiangwu was appointed as an executive Director on 21 June 2019.

2. Mr. LI Lixin resigned as an executive Director on 21 June 2019.

3. Mr. WANG Bangyi was appointed as a non-executive Director on 21 June 2019.

4. Mr. MEI Weiyi resigned as a non-executive Director on 21 June 2019.

(V) Chairman and General Manager

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

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

(VI) Appointment and Re-election of Directors

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

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

(VII) Remuneration of Directors, Supervisors and Senior Management

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

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

(VIII) Corporate Governance Functions

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

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

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

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

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

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

V. BOARD COMMITTEES

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

(I) Audit and Risk Management Committee

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

During the Reporting Period, the audit and risk management committee consists of three Directors: Mr. ZHANG Bai (independent non-executive Director), Mr. SHI Chongguang (non-executive Director) and Mr. TAO Zhigang (independent non-executive Director). Mr. ZHANG Bai serves as the chairman of the audit and risk management committee.

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

On 22 March 2019, the fourth meeting of the audit and risk management committee of the third session of the Board was held, at which: (1) the report was made by the external auditor in respect of the auditing of the Company's financial statements for the twelve months ended 31 December 2018; (2) the Company's 2018 final financial report was considered and approved; (3) the Company's 2018 annual report and annual results announcement were considered and approved; (4) the Company's financial statements for the twelve months ended 31 December 2018 were considered and approved; (5) the Company's 2018 profit distribution scheme was approved and proposed; (6) the engagement of Ernst & Young as the Company's 2019 international auditor was approved and proposed; and (7) the internal control functions and the obligation required under Corporate Governance Code and Report were reviewed.

On 23 August 2019, the fifth meeting of the audit and risk management committee of the third session of the Board was held, at which: (1) the report was made by the external auditor in respect of the reviewing of the Company's financial statements for the six months ended 30 June 2019; and (2) the Company's 2019 interim report and interim results announcement were considered and approved.

(II) Nomination Committee

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

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

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

The fourth meeting of the nomination committee of the third session of the Board was held on 24 May 2019, at which the nomination of Mr. DU Jiangwu as the candidate for an executive Director of the third session of the Board and the nomination of Mr. WANG Bangyi as the candidate for a non-executive Director of the third session of the Board were approved and proposed and the said nomination was submitted by the Board to the General Meeting for examination and approval.

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

(III) Remuneration and Assessment Committee

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

During the Reporting Period, the remuneration and assessment committee consists of three Directors: Mr. DU Jiangwu (executive Director, appointed as an executive Director and a member of remuneration and assessment committee of the Company on 21 June 2019), Mr. ZHANG Bai (independent non-executive Director), Mr. WU Yiqiang (independent non-executive Director) and Mr.LI Lixin (former executive Director, resigned as an executive Director and a member of remuneration and assessment committee of the Company on 21 June 2019). Mr. WU Yiqiang serves as the chairman of the remuneration and assessment committee.

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

The second meeting of the remuneration and assessment committee of the third session of the Board was held on 22 March 2019, at which: (1) the remuneration for the Company's Directors and Supervisors in 2018 was approved and proposed; and (2) the remuneration for the Company's senior management in 2018 was approved and proposed.

(IV) Strategic Committee

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

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

The second meeting of the strategic committee of the third session of the Board was held on 22 March 2019, at which: (1) the proposed grant of the general mandate to issue new domestic shares and H shares of the Company to the Board at the general meeting was approved and proposed; (2) the 2019 annual bank line of credit of the Company was approved and proposed; (3) the general mandate to issue domestic and foreign debt financing instruments to the Board at the general meeting was approved and proposed; (4) the review of the 2019 annual financial budget report of the Company was approved and proposed; and (5) the review of the 2019 annual project development report of the Company was approved and proposed.

VI. BOARD OF SUPERVISORS

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

VII. ATTENDANCE RECORD OF DIRECTORS

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

Name of Directors	No. of Board Meetings Attended/Held	No. of Audit and Risk Management Committee Meetings Attended/Held	No. of Remuneration and Assessment Committee Meetings Attended/Held	No. of Nomination Committee Meetings Attended/Held	No. of Strategic Committee Meetings Attended/Held	No. of General Meeting Attended/Held
Executive Directors						
HUANG Shaoxiong	8/8			1/1	1/1	2/2
WU Jianchun	8/8				1/1	2/2
DU Jiangwu[1]	6/6		0/0			2/2
LI Lixin[2]	2/2		0/1			0/1
Non-executive Directors						
TAO Yunpeng	8/8					1/2
SHI Chongguang	8/8	2/2				2/2
WANG Bangyi[3]	6/6					1/2
MEI Weiyi[4]	2/2					0/1
Independent Non-executive Directors						
ZHANG Bai	8/8	2/2	1/1			2/2
TAO Zhigang	8/8	1/2		1/1		1/2
WU Yiqiang	8/8		1/1	1/1	1/1	1/2

Notes:

1. Mr. DU Jiangwu was appointed as an executive Director and a member of the remuneration and assessment committee on 21 June 2019.

2. Mr. LI Lixin resigned as an executive Director and a member of the remuneration and assessment committee on 21 June 2019.

3. Mr. WANG Bangyi was appointed as a non-executive Director on 21 June 2019.

4. Mr. MEI Weiyi resigned as a non-executive Director on 21 June 2019.

VIII. AUDITOR AND REMUNERATION

Ernst & Young was appointed as auditor for the Financial Statements prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2019.

During the Reporting Period, the remuneration payable by the Company to the auditor for the above audit services was RMB6.03 million. In addition, during the Reporting Period, the remuneration payable by the Company to the auditor for the non-audit services was RMB2.35 million, and the non-audit services were mainly for the reviewing of the Company's interim results.

The responsibility of Ernst & Young, as the Company's external auditor to the Financial Statements, is set out on pages 135 to 139 of this annual report.

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

IX. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility for preparing the Financial Statements of the Group for the year ended 31 December 2019. The Company's accounts are prepared in accordance with all relevant statutory requirements and appropriate accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis. The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, the inside information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

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

X. COMPANY SECRETARY

During the Reporting Period, the Board appointed Mr. LEE Kwok Fai Kenneth ("**Mr. LEE**") as the company secretary of the Company. Mr. LEE is the director and head of the Corporate Secretarial Department of TMF Hong Kong Limited, the external service provider of the Company. Mr. SUN Tao, a vice general manager, general counsel and secretary to the Board of the Company, is the main contact person of the Company.

During the year ended 31 December 2019, Mr. LEE has taken no less than 15 hours of relevant continuous professional trainings to update his skills and knowledge.

XI. SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

Contact details are as follows:

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

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

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

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

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

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

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

XII. COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

The 2018 annual general meeting was held on 21 June 2019, at which the resolutions regarding the following issues had been reviewed and approved: (1) the Director's Report of the Company in 2018; (2) the Report of the Board of Supervisors of the Company in 2018; (3) the final financial report of the Company in 2018; (4) the independent auditor's report and the audited financial statements of the Company in 2018; (5) the profit distribution plan of the Company in 2018; (6) the re-appointment of Ernst & Young as the international auditor of the Company in 2019; (7) the remuneration plan for the Directors and Supervisors of the Company in 2018; (8) the amendments to Rules of Procedures for Board Meetings of the Company; (9) the election of Mr. DU Jiangwu as an executive Director of the third session of the Board of the Company and the election of Mr. WANG Bangyi as a non-executive Director of the third session of the Board of the Company with the term from the date of approval at the general meeting to the expiration of the third session of the Board of the Company; (10) the acquisition by absorption of Fujian Huadian Yinhe Power Co., Ltd. by the Company; (11) the general mandate to issue the domestic and foreign debt financing instruments; and (12) the general mandate granted by the general meeting to the Board to issue new domestic shares and H shares of the Company.

The 2019 first extraordinary general meeting was held on 11 October 2019, at which the resolution regarding the following issue was considered and approved: the deposit services under the Financial Services Framework Agreement of the continuing connected transaction and major transaction of the Company.

Please refer to page 124 of this report for the attendance of each of the Directors at the general meeting. Arrangement will be made for the Board to address shareholders' queries at the 2019 annual general meeting of the Company.

XIII. INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

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

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

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

XIV. INVESTOR RELATIONS

14.1 Investor Relations Activities

Results Release and Roadshows

The Company organised an interim results roadshow and an annual results roadshow during the Reporting Period. In March 2019, the management carried out annual results roadshows for 2018 in Hong Kong and Singapore, respectively, and held an investors' presentation, a press conference, eighteen one-to-one meetings and four group meetings for investors. In August 2019, the management published 2019 interim results in the form of conference call in Beijing, subsequently carried out the results roadshow in Germany and met with the investors of local main institutions.

Investors' Routine Visits

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

Investment Summits

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

Media Interviews

In March and August 2019, the management of the Company received exclusive interviews with the financial media in Hong Kong, including South China Morning Post, Ming Pao, Bloomberg, Commercial Daily, Hong Kong Economic Journal, Oriental Daily News, Hong Kong Economic Times and China Financial Market. After the conclusion of the two results release meetings, the Company attracted wider attention from the market after the coverage was released on newspaper.

XV. ARTICLES OF ASSOCIATION

No any material changes were made by the Company to the Articles of Association within 2019.

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

In 2019, with joint efforts of all Supervisors, the Board of Supervisors acted in compliance with the requirements of the Company Law, the Articles of Association and the Listing Rules, performed their functions diligently and honestly, exercised their functions and powers legally and independently, performed their duties of supervision as to the operation of the Company and the performance of duties of the Directors and the senior management, ensured standardised operation of the Company and protected the legal interests of the Company and shareholders. The main area of work of the Board of Supervisors in 2019 is summarised as follows:

I. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

The Board of Supervisors convened two meetings in 2019:

The fifth meeting of the third session of the Board of Supervisors of the Company was held on 22 March 2019, at which: (1) the Company's 2018 annual report and annual results announcement were considered and approved; (2) the Company's 2018 final financial report was considered and approved; (3) the audited financial statements of the Company for 2018 was considered and approved; (4) the Company's 2018 profit distribution scheme was considered and approved; and (5) the report of the Board of Supervisors for 2018 was considered and approved.

The sixth meeting of the third session of the Board of Supervisors of the Company was held on 23 August 2019, at which the Company's 2019 interim report and interim results announcement were considered and approved.

II. WORK OF THE BOARD OF SUPERVISORS

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

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

1. Regulatory Compliance of the Company's Operation

During the Reporting Period, based on its supervision over the Directors and senior management, the Board of Supervisors is of the view that the Company operated in accordance with the Law, the major decisions of the Company were rational and its procedures were legal and valid; to further normalize the operation, the Company set up and improved its internal management system and internal control mechanism, which is in accordance with the management requirements for the Company; during the duty performance, the Directors and senior management of the Company earnestly executed the national laws and regulations, the Articles of Association and the resolutions of the Board and the general meetings, acted in strict compliance with the principle of integrity, worked scrupulously to exercise the rights granted by shareholders and fulfilled their duties. The Company achieved excellent results in terms of project development, production and operation, capital operation, internal control enhancement, prevention and control of risks, upgrading of management efficiency, etc., with its annual tasks accomplished successfully in 2019. During the Reporting Period, none of the Directors or senior management of the Company was found for violating any law, regulation or the Articles of Association when doing their jobs and no action which contravened the interests of the shareholders or the Company was found.

2. Examination of the Company's Financial Conditions

During the Reporting Period, the Board of Supervisors scrutinized and examined the financial management system and the financial conditions of the Company and carefully reviewed the relevant financial information of the Company. The Board of Supervisors considered that the Company's financial management system was sound with proper management practices, and that the 2019 final accounts report gave a true, accurate and fair view on the financial conditions and operating results of the Company. The Board of Supervisors agreed with the 2019 unqualified financial audit report of the Company issued by Ernst & Young.

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

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

4. Examination of the Company's Connected Transactions

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

5. Examination of the Company's Information Disclosure

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

Focusing on the operation target of the year 2020 and considering the particulars of the Company, the Board of Supervisors will enhance the effectiveness of the supervising and do the job in a more timely manner, improve the effectiveness and art of the Supervisors' reporting and handling, reinforce the supervising and auditing of the significant operation and administration activities, and take care of the progress of the critical work of the Company; the Supervisors will also conscientiously perform their obligations endowed by the Law and the Articles of Association to protect the interests of the Company and the shareholders, thus to maintain and add value to the assets.

LI Changxu
Chairman of the Board of Supervisors

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Huadian Fuxin Energy Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 140 to 279, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

EY 安永

KEY AUDIT MATTERS (CONTINUED)

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

Key audit matter	How our audit addressed the key audit matter
Impairment testing of certain property, plant and equipment and intangible assets	
As at 31 December 2019, the Group had property, plant and equipment ("**PPE**") and intangible assets amounting to RMB83,570 million in aggregate as at 31 December 2019, comprising the largest portion of assets and representing 74% of the Group's total assets and 85% of the non-current assets. The directors of the Company identified indicators of impairment of these non-current assets as at 31 December 2019, which included i) continuous loss-making performance due to abandonment and curtailment of wind power for certain of the Group's wind power plants and an increase in cost of natural gas, coal and biomass used for certain of the Group's natural gas-fired power plants, coal-fired power plants and biomass power plants; ii) a significant decrease in utilisation hours; and iii) a slowdown in the progress of certain coal-fired power and wind power projects under construction. For those non-current assets with impairment indicators identified, management performed impairment testing by determining the recoverable amounts of the cash-generating units ("**CGUs**") to which the non-current assets were allocated. For the year ended 31 December 2019, the Group provided RMB483.7 million impairment on property, plant and equipment. Assessing potential impairment of the CGUs through estimations of their recoverable amounts based on value in use involved estimation of the discounted future cash flows which required significant management judgement and estimates, such as future electricity sales volumes, future operating costs and the discount rates. Because of the materiality of the balance of these non-current assets and significant management judgement and estimation involved, this area is identified as a key audit matter. Related disclosures are included in notes 2(l), 13, 15 and 42(b) to the consolidated financial statements.	The following procedures were performed to address the identified key audit matter: • We evaluated the directors' assessment of indicators of impairment, the identification of CGUs and the allocation of non-current assets to each CGU, with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards. • We evaluated management's assumptions in determining the recoverable amounts of the CGUs to which these non-current assets were allocated by assessing the key assumptions such as future electricity sales volumes, future on-grid tariffs, and future operating costs by comparing them with the recent historical results of the related CGUs, the budgets and the feasibility reports of the related CGUs provided by management. • We also involved our internal valuation specialists to assist us in evaluating the methodology and discount rates used in the calculation of the recoverable amounts, and • We evaluated the adequacy of disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants
Hong Kong

20 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2019

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

	Notes	**2019** **RMB'000**	2018 RMB'000
Revenue	4	**19,775,911**	18,329,707
Other income and gains	5	**323,605**	342,803
Operating expenses			
Cost of fuel	19(b)	**(5,244,180)**	(5,876,957)
Depreciation and amortisation	7(b)	**(4,781,338)**	(4,570,318)
Service concession construction costs		**(317,841)**	(80,393)
Personnel costs	7(a)	**(1,831,045)**	(1,599,438)
Repairs and maintenance		**(650,028)**	(527,468)
Administration expenses		**(367,981)**	(421,967)
Other operating expenses		**(1,849,902)**	(786,903)
		(15,042,315)	(13,863,444)
Operating profit		**5,057,201**	4,809,066
Finance income	6	**73,552**	81,925
Finance expenses	6	**(2,697,532)**	(3,072,906)
Net finance expenses	6	**(2,623,980)**	(2,990,981)
Share of profits less losses of associates and joint ventures		**800,551**	939,700
Profit before taxation	7	**3,233,772**	2,757,785
Income tax expense	8	**(542,276)**	(285,069)
Profit for the year		**2,691,496**	2,472,716
Attributable to:			
Equity holders of the Company		**2,415,720**	2,268,468
Non-controlling interests		**275,776**	204,248
		2,691,496	2,472,716
Basic and diluted earnings per ordinary share *(RMB cents)*	11	**22.45**	23.71

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2019

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

	2019 **RMB'000**	2018 RMB'000
Profit for the year	**2,691,496**	2,472,716
Other comprehensive income		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange difference on translation of foreign operations	**(676)**	18,100
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Changes in fair value of equity investments designated at fair value through other comprehensive income/(loss), net of tax	**1,850**	(209,135)
Other comprehensive income/(loss) for the year, net of tax	**1,174**	(191,035)
Total comprehensive income for the year	**2,692,670**	2,281,681
Attributable to:		
Equity holders of the Company	**2,416,894**	2,077,433
Non-controlling interests	**275,776**	204,248
	2,692,670	2,281,681

Consolidated Statement of Financial Position

As at 31 December 2019

(Amounts expressed in RMB unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment	13	**81,928,864**	80,929,626
Right-of-use assets	14(b)	**2,325,177**	–
Lease prepayments	14(a)	**–**	1,427,551
Intangible assets	15	**1,641,426**	1,358,927
Interests in associates and joint ventures	17	**10,066,458**	8,984,570
Other non-current assets	18	**2,327,395**	3,076,747
Deferred tax assets	28(b)	**362,511**	369,046
Total non-current assets		**98,651,831**	96,146,467
Current assets			
Inventories	19	**281,242**	413,564
Trade and bills receivables	20	**9,515,174**	5,969,777
Prepayments and other current assets	21	**1,280,890**	2,153,514
Tax recoverable	28(a)	**1,176**	16,309
Restricted deposits	22	**22,484**	6,103
Cash and cash equivalents	23	**2,457,846**	3,597,841
Total current assets		**13,558,812**	12,157,108
Current liabilities			
Borrowings	24(b)	**13,579,188**	10,868,084
Obligations under finance leases	25	**–**	25,810
Trade and bills payables	26	**1,449,140**	1,103,681
Other payables and accruals	27	**7,037,475**	7,220,220
Deferred income	29	**53,256**	49,555
Tax payable	28(a)	**155,450**	77,413
Total current liabilities		**22,274,509**	19,344,763
Net current liabilities		**(8,715,697)**	(7,187,655)
Total assets less current liabilities		**89,936,134**	88,958,812

Consolidated Statement of Financial Position

As at 31 December 2019

(Amounts expressed in RMB unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Non-current liabilities			
Borrowings	24(a)	**49,466,337**	54,096,269
Obligations under finance leases	25	**–**	290,659
Lease liabilities	14(c)	**526,853**	–
Deferred income	29	**416,770**	461,988
Deferred tax liabilities	28(b)	**977,610**	1,007,989
Provision	37(a)	**197,224**	–
Total non-current liabilities		**51,584,794**	55,856,905
NET ASSETS		**38,351,340**	33,101,907
Equity			
Share capital	30	**8,407,962**	8,407,962
Reserves		**14,086,173**	12,677,579
Perpetual medium-term notes and renewable corporate bonds	31,32	**12,566,547**	8,969,842
Total equity attributable to equity holders of the Company		**35,060,682**	30,055,383
Non-controlling interests		**3,290,658**	3,046,524
TOTAL EQUITY		**38,351,340**	33,101,907

Huang Shaoxiong
Chairman

Wu Jianchun
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

(Amounts expressed in RMB unless otherwise stated)

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

(Amounts expressed in RMB unless otherwise stated)

	Attributable to the equity holders of the Company									
	Share capital *RMB'000*	**Capital reserve** *RMB'000*	**Reserve fund** *RMB'000*	**Exchange reserve** *RMB'000*	**Fair value reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds** *RMB'000*	**Subtotal** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
	Note 30(c)	*Note 30(d)(i)*	*Note 30(d)(ii)*	*Note 30(d)(iii)*	*Note 30(d)(iv)*		*Notes 31, 32*			
At 1 January 2019	8,407,962	1,770,524	998,316	38,065	82,328	9,788,346	8,969,842	30,055,383	3,046,524	33,101,907
Profit for the year	-	-	-	-	-	1,887,424	528,296	2,415,720	275,776	2,691,496
Other comprehensive (loss)/income	-	-	-	(676)	1,850	-	-	1,174	-	1,174
Total comprehensive income	-	-	-	(676)	1,850	1,887,424	528,296	2,416,894	275,776	2,692,670
Issuance of perpetual medium-term notes, net of issuing expenses *(note 31)*	-	-	-	-	-	-	3,596,705	3,596,705	-	3,596,705
Capital contributions	-	-	-	-	-	-	-	-	136,631	136,631
Dividends paid by subsidiaries to non-controlling equity holders	-	-	-	-	-	-	-	-	(125,912)	(125,912)
Final dividend of 2018 *(note 30(b))*	-	-	-	-	-	(477,572)	-	(477,572)	-	(477,572)
Disposal of subsidiaries *(note 40)*	-	-	-	-	-	-	-	-	(42,361)	(42,361)
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 31, 32)*	-	-	-	-	-	-	(528,296)	(528,296)	-	(528,296)
Share of changes in equity of associates	-	(1,793)	-	-	-	-	-	(1,793)	-	(1,793)
Transfer to reserve fund	-	-	116,105	-	-	(116,105)	-	-	-	-
Transfer of fair value reverse upon the disposal of equity instruments at fair value through other comprehensive income *(note 18(iii))*	-	-	-	-	(125,209)	125,209	-	-	-	-
Others	-	-	-	-	-	(639)	-	(639)	-	(639)
Balance at 31 December 2019	8,407,962	1,768,731 *	1,114,421 *	37,389 *	(41,031) *	11,206,663 *	12,566,547	35,060,682	3,290,658	38,351,340

* These reserve accounts comprise the consolidated reserves of RMB14,086,173,000 (2018: RMB12,677,579,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2019

(Amounts expressed in RMB unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Operating activities			
Profit before taxation		**3,233,772**	2,757,785
Adjustments for:			
Depreciation and amortisation	7(b)	**4,620,564**	4,534,885
Depreciation of right-of-use assets/recognition of prepaid land lease payments	7(b)	**160,774**	35,433
Impairment losses of property, plant and equipment	7(b)	**483,679**	4,346
Impairment losses of other non-current assets	7(b)	**28,731**	–
Amortisation of deferred income	29	**(73,629)**	(54,997)
Gain on disposal of property, plant and equipment	5	**(91,197)**	(11,878)
Loss on disposal of subsidiaries	5	**24,429**	–
Interest income on financial assets	6	**(31,118)**	(30,889)
Interest expenses on financial liabilities	6	**2,675,935**	3,030,522
Foreign exchange differences, net	6	**2,193**	21,121
Dividend income	6	**(42,434)**	(51,036)
Share of profits less losses of associates and joint ventures		**(800,551)**	(939,700)
Provision for guaranteed borrowings		**197,224**	–
Changes in working capital:			
Increase in restricted deposits		**(16,381)**	–
Decrease/(increase) in inventories		**123,743**	(136,186)
(Increase)/decrease in trade and bills receivables		**(3,586,368)**	1,051,581
Decrease in prepayments and other current assets		**238,969**	460,389
Increase in trade and bills payables and other payables and accruals		**264,644**	331,602
Cash generated from operations		**7,412,979**	11,002,978
Income tax paid	28(a)	**(435,677)**	(300,334)
Net cash generated from operating activities		**6,977,302**	10,702,644

Consolidated Statement of Cash Flows

Year ended 31 December 2019

(Amounts expressed in RMB unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Investing activities			
Payment for the purchase of property, plant and equipment, lease prepayments/right-of-use assets, and intangible assets		**(7,283,055)**	(6,175,898)
Increase of restricted deposits		**–**	(736)
Payments for interests in associates and joint ventures	17	**(570,200)**	(643,030)
Proceeds from disposal of property, plant and equipment		**126,603**	56,652
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**407,006**	–
Proceeds from disposal of subsidiaries		**70,750**	–
Dividends received		**849,407**	685,312
Interest received		**31,118**	28,359
Net cash used in investing activities		**(6,368,371)**	(6,049,341)
Financing activities			
Net proceeds from issuance of perpetual medium-term notes and renewable corporate bonds	31, 32	**3,596,705**	4,981,502
Capital contributions from the non-controlling shareholders		**136,632**	44,230
Proceeds from borrowings	23(c)	**25,796,088**	27,516,082
Repayment of borrowings	23(c)	**(27,116,763)**	(31,641,426)
Dividends paid	23(c)	**(1,039,172)**	(821,904)
Interest paid	23(c)	**(3,036,833)**	(3,220,814)
Principal portion of lease payments/payments of finance lease obligations	23(c)	**(83,436)**	(36,644)
Net cash used in financing activities		**(1,746,779)**	(3,178,974)
Net (decrease)/increase in cash and cash equivalents		**(1,137,848)**	1,474,329
Cash and cash equivalents at 1 January	23(a)	**3,597,841**	2,121,903
Effect of foreign exchanges rates changes, net		**(2,147)**	1,609
Cash and cash equivalents at 31 December	23(a)	**2,457,846**	3,597,841

1. PRINCIPAL ACTIVITIES AND ORGANISATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

Basis of Consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Consolidation (Continued)

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Going Concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2019 amounting to RMB8,715,697,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows and the availability of unutilised banking facilities of RMB20,159,843,000 as at 31 December 2019, the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements (note 35(b)).

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

(c) Functional and presentation currency

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

(d) Associates and joint ventures

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates and joint ventures (Continued)

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

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

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

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

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

(e) Business combination for entities under common control

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

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

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (other than goodwill)

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

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

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

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

Both the period and method of amortisation are reviewed annually.

(j) Leases

(i) Applicable from 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

(i) Applicable from 1 January 2019 (Continued)

Group as a lessee (Continued)

(1) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased land	6 to 70 years
Buildings and structures	2 to 20 years
Generators and related equipment	6 to 20 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(2) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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 paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of 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 an expense in the period in which the event or condition that triggers the payment occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

(i) Applicable from 1 January 2019 (Continued)

Group as a lessee (Continued)

(2) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in lease liabilities and other payables and accruals (current portion).

(3) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

(ii) Applicable before 1 January 2019

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

(1) Classification of assets leased to the Group

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

(2) Assets acquired under finance leases

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

(3) Sales and leaseback arrangements resulting in finance leases

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

(ii) Applicable before 1 January 2019 (Continued)

(4) Operating lease charges

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

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

(k) Fair value measurement

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Fair value measurement (Continued)

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(l) Impairment of non-financial assets

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

- property, plant and equipment;
- right-of-use assets (2018: prepaid interests in leasehold land classified as being held under an operating lease);
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- *Calculation of recoverable amount*

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

- *Recognition of impairment losses*

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

- *Reversals of impairment losses*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

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

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

(n) Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets

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

General approach

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (Continued)

General approach (Continued)

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

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

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

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

Simplified approach

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

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

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

Financial guarantee contracts

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial liabilities (Continued)

Subsequent measurement (Continued)

Derecognition of financial liabilities

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

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

(q) Offsetting of financial instruments

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

(r) Inventories

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

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

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

(s) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits

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

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

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

(ii) Termination benefits

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

(u) Income tax

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

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

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

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

  – the same taxable entity; or

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

(v) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

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

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

(w) Revenue recognition

Revenue from contracts with customers

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

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

(ii) Service concession construction revenue

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

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

(iii) Rendering of services

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

Revenue from other sources

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (Continued)

Other income

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

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

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

(x) Translation of foreign currencies

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Borrowing costs

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

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

(z) Dividends

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

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

(aa) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

(ab) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

(ad) Perpetual securities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Related parties

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

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

(b) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(Amounts expressed in RMB unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) Segment reporting

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
International Financial Reporting Interpretations Committee ("**IFRIC**") 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvements to IFRSs 2015–2017 Cycle* – Amendments to IFRS 3, IFRS 11 and IAS 12, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any significant impact on leases where the Group is the lessor.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) *(Continued)*

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. 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 a 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 stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) *(Continued)*

As a lessee – Leases previously classified as operating leases (Continued)

Nature of the effect of adoption of IFRS 16 (Continued)

The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) short-term leases. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities and other payables and accruals (current portion). The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB452,659,000 that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease;
- Relying on the entity's assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review; and
- Excluding initial direct costs from the measurement of the right-of-use assets at the date of initial application.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) *(Continued)*

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., obligations under finance lease) measured under IAS 17.

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 as at 1 January 2019 was as follows:

	Increase/(decrease) *RMB'000*
Assets	
Increase in right-of-use assets	2,416,324
Decrease in property, plant and equipment	(452,659)
Decrease in lease prepayments	(1,427,551)
Decrease in prepayments and other current assets	(19,209)
Decrease in other non-current assets	(130,219)
Increase in total assets	386,686
Liabilities	
Increase in the non-current portion of lease liabilities	627,788
Increase in the current portion of lease liabilities (recorded in other payables and accruals)	75,367
Decrease in obligations under finance leases	(316,469)
Increase in total liabilities	386,686

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) *(Continued)*

Financial impact at 1 January 2019 (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	443,479
Less:	
Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	1,393
Add:	
Commitments relating to leases previously classified as finance leases as at 31 December 2018	375,829
Lease commitments as at 1 January 2019 under IFRS 16	817,915
Weighted average incremental borrowing rate as at 1 January 2019	4.86%
Lease liabilities as at 1 January 2019	703,155

(b) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the financial position or performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any significant impact on the financial position or performance of the Group.

(d) Amendments under *Annual Improvements to IFRSs 2015–2017 Cycle*

IAS 23 *Borrowing Costs*: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendments did not have any significant impact on the financial position or performance of the Group.

4. REVENUE

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of electricity	**18,632,774**	17,345,044
Service concession construction revenue *(note (i))*	**317,841**	80,393
Sale of steam	**690,729**	693,491
Others	**115,911**	199,695
	19,757,255	18,318,623
Revenue from other sources		
Rental income from operating leases, fixed lease payments	**18,656**	11,084
Total	**19,775,911**	18,329,707

4. REVENUE (CONTINUED)

Note:

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

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

(i) Disaggregated revenue information

Revenue from contracts with customers for the year ended 31 December 2019

	Wind power *RMB'000*	Solar power *RMB'000*	Hydropower *RMB'000*	Coal-fired power *RMB'000*	Natural gas-fired power *RMB'000*	Other business *RMB'000*	Unallocated head office *RMB'000*	Total *RMB'000*
Types of goods and services								
Sale of electricity	6,888,947	1,350,690	2,678,184	5,643,750	1,977,114	94,089	–	18,632,774
Service concession construction revenue	317,841	–	–	–	–	–	–	317,841
Sale of steam	315	–	–	301,692	329,400	59,322	–	690,729
Others	3,095	10,895	19,248	74,726	6,736	–	1,211	115,911
Total	7,210,198	1,361,585	2,697,432	6,020,168	2,313,250	153,411	1,211	19,757,255
Geographical markets								
Mainland China	7,160,459	1,361,585	2,697,432	6,020,168	2,313,250	153,411	1,211	19,707,516
Spain	49,739	–	–	–	–	–	–	49,739
Total	7,210,198	1,361,585	2,697,432	6,020,168	2,313,250	153,411	1,211	19,757,255
Timing of revenue recognition								
Goods transferred at a point in time	6,891,616	1,350,988	2,678,184	6,013,028	2,311,603	153,411	182	19,399,012
Services transferred over time	318,582	10,597	19,248	7,140	1,647	–	1,029	358,243
Total	7,210,198	1,361,585	2,697,432	6,020,168	2,313,250	153,411	1,211	19,757,255

4. REVENUE (CONTINUED)

(i) Disaggregated revenue information (Continued)

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

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

4. REVENUE (CONTINUED)

(i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2019

	Wind power RMB'000	Solar power RMB'000	Hydropower RMB'000	Coal-fired power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Unallocated head office RMB'000	Total RMB'000
Revenue from contracts with customers								
External customers	7,210,198	1,361,585	2,697,432	6,020,168	2,313,250	153,411	1,211	19,757,255
Intersegment sales	5,796	–	5,366	–	3,509	–	13,744	28,415
Intersegment adjustments and eliminations	(5,796)	–	(5,366)	–	(3,509)	–	(13,744)	(28,415)
Total revenue from contracts with customers	7,210,198	1,361,585	2,697,432	6,020,168	2,313,250	153,411	1,211	19,757,255

For the year ended 31 December 2018

	Wind power RMB'000	Solar power RMB'000	Hydropower RMB'000	Coal-fired power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Unallocated head office RMB'000	Total RMB'000
Revenue from contracts with customers								
External customers	7,159,084	1,232,070	1,688,374	6,114,617	1,963,550	160,426	502	18,318,623
Intersegment sales	3,681	–	10,491	–	3,962	–	16,395	34,529
Intersegment adjustments and eliminations	(3,681)	–	(10,491)	–	(3,962)	–	(16,395)	(34,529)
Total revenue from contracts with customers	7,159,084	1,232,070	1,688,374	6,114,617	1,963,550	160,426	502	18,318,623

4. REVENUE (CONTINUED)

(i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Types of goods and services – others	**31,668***	26,286*

* Contract liabilities as at 1 January 2019 amounted to RMB31,668,000 (1 January 2018: RMB26,286,000).

(ii) Performance obligations

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

Sale of electricity and goods (including coal trading)

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

Service concession construction revenue

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

4. REVENUE (CONTINUED)

(ii) Performance obligations (Continued)

Rendering of services

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

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

	2019	2018
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**511,649**	74,130
After one year	**246,783**	283,153
	758,432	357,283

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to service concession construction, of which the performance obligations are to be satisfied within two years. All the other amount of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

5. OTHER INCOME AND GAINS

	2019	2018
	RMB'000	*RMB'000*
Government grants *(note (i))*	**211,935**	213,497
Gain on disposal of property, plant and equipment	**91,197**	11,878
Loss on disposal of subsidiaries *(note 40)*	**(24,429)**	–
Others	**44,902**	117,428
	323,605	342,803

Note:

(i) For the year ended 31 December 2019, government grants amounting to RMB211,935,000 (2018: RMB213,497,000) were recognised as income for the year necessary to compensate the costs and facilitate the Group's development. There are no unfulfilled conditions or contingencies attached to the grants.

6. FINANCE INCOME AND EXPENSES

	2019 *RMB'000*	2018 *RMB'000*
Interest income	**31,118**	30,889
Dividend income from equity investments at fair value through other comprehensive income	**42,434**	51,036
Finance income	**73,552**	81,925
Interest on bank loans and other borrowings	**3,004,291**	3,200,608
Finance charges on obligations under finance leases	**–**	11,275
Interest on lease liabilities *(note 14)*	**29,459**	–
Less: Interest capitalised	**(357,815)**	(181,361)
	2,675,935	3,030,522
Bank charges and others	**19,404**	21,263
Net foreign exchange losses	**2,193**	21,121
Finance expenses	**2,697,532**	3,072,906
Net finance expenses recognised in profit or loss	**(2,623,980)**	(2,990,981)

The borrowing costs have been capitalised at rates of 3.92% to 4.90% per annum for the year ended 31 December 2019 (2018: 3.92% to 4.90%).

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2019 *RMB'000*	2018 *RMB'000*
Salaries, wages and other benefits	**1,610,501**	1,426,471
Contributions to defined contribution retirement plans	**220,544**	172,967
	1,831,045	1,599,438

7. PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	2019 RMB'000	2018 RMB'000
Amortisation		
– lease prepayments *(note (i))*	**–**	35,433
– intangible assets	**57,182**	44,336
Depreciation		
– property, plant and equipment *(note (i))*	**4,563,382**	4,490,549
– right-of-use assets *(note 14)*	**160,774**	–
Impairment loss provision		
– property, plant and equipment *(note 13)*	**483,679**	4,346
– prepayments and other current assets *(note 21)*	**90,134**	1,194
– trade receivables *(note 20)*	**1,825**	3,474
– other non-current assets *(note 18)*	**28,731**	–
Write-down of inventories to net realisable value		
– inventories *(note 19)*	**6,506**	–
Auditors' remuneration		
– audit services	**11,355**	10,444
– other services	**3,448**	2,580
Operating lease charges		
– machinery	**6,559**	1,372
– properties	**5,271**	63,729
Cost of inventory *(note 19(b))*	**5,441,658**	6,077,620

Note:

(i) Upon the adoption of IFRS 16, depreciation of finance lease assets was reclassified from "depreciation – property, plant and equipment" to "depreciation – right-of-use assets", and amortisation of lease prepayments was reclassified from "amortisation – lease prepayments" to "depreciation – right-of-use assets".

8. INCOME TAX

(a) Taxation in profit or loss represents:

	2019 **RMB'000**	2018 RMB'000
Current tax		
Provision for the year	**540,733**	254,938
(Overprovision)/underprovision in respect of prior years	**(11,886)**	3,695
	528,847	258,633
Deferred tax		
Origination and reversal of temporary differences *(note 28(b))*	**13,429**	26,436
Total income tax expense	**542,276**	285,069

The current tax provision mainly included the PRC Corporate Income Tax which was made by the Company and its subsidiaries located in the PRC. It is calculated based on a statutory rate of 25% of the assessable profit, except for certain subsidiaries of the Company which were tax-exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2019 and 2018.

The Company's subsidiary in Hong Kong is subject to income tax at a rate of 16.5% (2018: 16.5%). The Company's subsidiary in Spain is subject to income tax at a rate of 25% (2018: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

8. INCOME TAX (CONTINUED)

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

	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**3,233,772**	2,757,785
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**808,443**	689,446
Tax effect of non-deductible expenses	**6,248**	1,206
Tax effect of non-taxable income	**(210,746)**	(247,684)
Tax effect of PRC tax concessions *(note (i))*	**(209,393)**	(418,780)
Tax effect of unused tax losses not recognised	**247,822**	266,233
Tax losses utilised from previous periods	**(88,212)**	(9,047)
(Overprovision)/underprovision in respect of prior years	**(11,886)**	3,695
Actual tax expenses	**542,276**	285,069

Note:

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

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

9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

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

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2019 Total *RMB'000*
Executive directors					
Mr. Huang Shaoxiong *(Chairman)*	–	258	501	102	861
Mr. Wu Jianchun	–	258	501	102	861
Mr. Li Lixin *(note (i))*	–	88	172	38	298
Mr. Du Jiangwu *(note (i))*	–	229	445	75	749
Non-executive directors					
Mr. Tao Yunpeng	–	–	–	–	–
Mr. Shi Chongguang	–	–	–	–	–
Mr. Mei Weiyi *(note (ii))*	–	–	–	–	–
Mr. Wang Bangyi *(note (ii))*	–	–	–	–	–
Independent non-executive directors					
Mr. Zhang Bai	100	–	–	–	100
Mr. Tao Zhigang	100	–	–	–	100
Mr. Wu Yiqiang	100	–	–	–	100
Supervisors					
Mr. Li Changxu	–	–	–	–	–
Mr. Wang Kun	–	–	–	–	–
Mr. Xu Lei	–	–	–	–	–
Mrs. Hu Xiaohong	–	–	–	–	–
Mrs. Ding Ruiling	–	80	–	–	80
Mr. Guo Xiaoping	–	80	–	–	80
Mr. Zhu Deyuan	–	190	369	97	656
Mr. Chen Wenxin	–	157	306	96	559
Mr. Lai Jiaxing	–	141	285	87	513
	300	1,481	2,579	597	4,957

Notes for 2019:

(i) Mr. Li Lixin has resigned as the executive director of the Company with effect from 21 June 2019. Mr. Du Jiangwu has been appointed as an executive director of the Company with effect from 21 June 2019.

(ii) Mr. Mei Weiyi has resigned as a non-executive director of the Company with effect from 21 June 2019. Mr. Wang Bangyi has been appointed as a non-executive director of the Company with effect from 21 June 2019.

9. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

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

Notes for 2018:

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

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

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

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three are directors (2018: three) and no one is a supervisor (2018: nil) whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2018: two) individuals are as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Salaries and other emoluments	**439**	462
Discretionary bonuses	**852**	897
Retirement scheme contributions	**193**	200
	1,484	1,559

The emoluments of the two (2018: two) individuals who are not directors or supervisors and are amongst the five individuals with the highest emoluments are within the following band:

	2019 ***Number of individuals***	2018 *Number of individuals*
HK$ Nil to HK$1,000,000	**2**	2

11. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,887,424,000 (2018: RMB1,993,237,000) and the weighted average of 8,407,962,000 ordinary shares (2018: 8,407,962,000 ordinary shares) in issue during the year, calculated as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Profit attributable to equity holders of the Company	**2,415,720**	2,268,468
Less: Profit attributable to the holders of perpetual medium-term notes *(note 31)*	**(326,796)**	(130,236)
Profit attributable to the holders of renewable corporate bonds *(note 32)*	**(201,500)**	(144,995)
Profit attributable to ordinary equity shareholders of the Company	**1,887,424**	1,993,237

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

12. SEGMENT REPORTING

The Group manages its businesses by divisions, which are based on their products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable operating segments:

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.

– Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.

– Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.

– Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

– Natural gas-fired power: this segment constructs, manages and operates natural gas-fired power plants and generates electric power for sale to power grid companies.

– Other business: this segment mainly manages and operates other clean energy power and heat plants and generates electric power for sale to power grid companies or heat for sale to the customers. This segment also operates the coal trading business.

(a) Segment results, assets and liabilities

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

- Segment assets do not include interests in associates and joint ventures, equity investments at fair value through other comprehensive income, tax recoverable, deferred tax assets or unallocated head office and corporate assets. Segment liabilities do not include tax payable, deferred tax liabilities or unallocated head office and corporate liabilities.

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

12. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

For the year ended 31 December 2019

	Wind power *RMB'000*	Solar power *RMB'000*	Hydropower *RMB'000*	Coal-fired power *RMB'000*	Natural gas-fired power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Revenue from external customers							
– Sale of electricity	6,888,947	1,350,690	2,678,184	5,643,750	1,977,114	94,089	18,632,774
– Sale of steam	315	–	–	301,692	329,400	59,322	690,729
– Others	12,385	10,895	25,768	77,300	7,002	6	133,356
Inter-segment revenue	5,796	–	5,366	–	3,509	–	14,671
	6,907,443	1,361,585	2,709,318	6,022,742	2,317,025	153,417	19,471,530
Reconciliation							
Inter-segment revenue	(5,796)	–	(5,366)	–	(3,509)	–	(14,671)
Reportable segment revenue	6,901,647	1,361,585	2,703,952	6,022,742	2,313,516	153,417	19,456,859
Reportable segment profit (operating profit)	3,101,738	718,249	1,119,612	757,177	75,150	(165,720)	5,606,206
Depreciation and amortisation	(2,725,532)	(467,190)	(520,522)	(731,189)	(260,021)	(26,461)	(4,730,915)
Interest income	13,014	1,996	5,659	3,471	1,665	381	26,186
Interest expenses	(1,593,241)	(282,344)	(82,977)	(229,899)	(130,480)	(22,809)	(2,341,750)
Impairment losses of property, plant and equipment	(188,647)	(14,143)	(18,939)	(19,564)	(76,869)	(151,005)	(469,167)
Impairment losses of trade receivables, other receivables and prepayments	(12,948)	(279)	(6,710)	(3,631)	(53)	–	(23,621)
Write-down of inventories to net realisable value	(6,479)	–	–	–	–	(27)	(6,506)
Addition to non-current segment assets during the year	3,859,622	344,868	844,023	875,293	1,721,743	64,893	7,710,442
As at 31 December 2019							
Reportable segment assets	56,598,391	9,638,034	12,162,259	14,975,599	8,069,147	502,376	101,945,806
Reportable segment liabilities	41,738,127	6,199,564	4,036,088	10,684,169	6,417,077	560,340	69,635,365

12. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2018

	Wind power *RMB'000*	Solar power *RMB'000*	Hydropower *RMB'000*	Coal-fired power *RMB'000*	Natural gas-fired power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Revenue from external customers							
– Sale of electricity	7,060,716	1,219,018	1,640,302	5,721,295	1,596,616	107,097	17,345,044
– Sale of steam	516	–	–	290,411	349,538	53,026	693,491
– Others	22,171	13,052	53,054	104,301	17,396	303	210,277
Inter-segment revenue	3,681	–	10,491	–	3,962	–	18,134
	7,087,084	1,232,070	1,703,847	6,116,007	1,967,512	160,426	18,266,946
Reconciliation							
Inter-segment revenue	(3,681)	–	(10,491)	–	(3,962)	–	(18,134)
Reportable segment revenue	7,083,403	1,232,070	1,693,356	6,116,007	1,963,550	160,426	18,248,812
Reportable segment profit (operating profit)	3,639,648	638,354	447,969	166,206	112,351	278	5,004,806
Depreciation and amortisation	(2,670,585)	(432,216)	(478,744)	(729,839)	(228,596)	(25,885)	(4,565,865)
Interest income	19,445	6,413	3,185	5,081	1,455	844	36,423
Interest expenses	(1,768,411)	(297,978)	(92,828)	(337,521)	(122,585)	(13,812)	(2,633,135)
Impairment losses of property, plant and equipment	–	(1,143)	(1,132)	–	(2,071)	–	(4,346)
Impairment losses of trade receivables, other receivables and prepayments	1,042	(278)	(7)	(5,343)	–	(82)	(4,668)
Addition to non-current segment assets during the year	1,166,053	134,814	881,385	831,252	1,370,103	49,713	4,433,320
As at 31 December 2018							
Reportable segment assets	57,178,408	9,088,665	11,051,848	15,267,616	6,980,148	770,205	100,336,890
Reportable segment liabilities	43,872,295	6,567,507	3,934,684	11,742,077	5,525,162	468,800	72,110,525

12. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	2019 *RMB'000*	2018 *RMB'000*
Revenue		
Reportable segment revenue	**19,456,859**	18,248,812
Service concession construction revenue	**317,841**	80,393
Unallocated head office and corporate revenue	**1,211**	502
Consolidated revenue	**19,775,911**	18,329,707
Profit		
Reportable segment profit	**5,606,206**	5,004,806
Unallocated head office and corporate revenue	**1,211**	502
Unallocated head office and corporate expenses	**(550,216)**	(196,242)
Share of profits less losses of associates and joint ventures	**800,551**	939,700
Net finance expenses	**(2,623,980)**	(2,990,981)
Consolidated profit before taxation	**3,233,772**	2,757,785

12. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities (Continued)

	31 December 2019 RMB'000	31 December 2018 RMB'000
Assets		
Reportable segment assets	**101,945,806**	100,336,890
Inter-segment receivables	**(8,305,097)**	(10,416,255)
	93,640,709	89,920,635
Interests in associates and joint ventures	**10,066,458**	8,984,570
Other non-current assets – equity investments at fair value through other comprehensive income	**677,664**	1,087,775
Deferred tax assets	**362,511**	369,046
Tax recoverable	**1,176**	16,309
Unallocated head office and corporate assets	**7,462,125**	7,925,240
Consolidated total assets	**112,210,643**	108,303,575
Liabilities		
Reportable segment liabilities	**69,635,365**	72,110,525
Inter-segment payables	**(8,305,097)**	(10,416,255)
	61,330,268	61,694,270
Tax payable	**155,450**	77,413
Deferred tax liabilities	**977,610**	1,007,989
Unallocated head office and corporate liabilities	**11,395,975**	12,421,996
Consolidated total liabilities	**73,859,303**	75,201,668

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

12. SEGMENT REPORTING (CONTINUED)

(d) Major customers

Revenue from the sale of electricity to the PRC government-controlled power grid companies amounted to RMB18,619,223,000 for the year ended 31 December 2019 (2018: RMB17,344,274,000).

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2018	16,290,007	78,364,097	270,776	403,750	9,876,909	105,205,539
Additions	54,022	71,305	4,061	12,961	4,179,726	4,322,075
Transfer	539,526	2,946,666	10,652	19,707	(3,516,551)	–
Disposals	(19,621)	(223,836)	(13,916)	(2,125)	(20,704)	(280,202)
Reclassification from/(to) lease prepayments	10,237	–	–	–	(39,666)	(29,429)
Others	186,577	(185,317)	–	(1,260)	–	–
Exchange difference	–	1,582	–	–	–	1,582
Balance at 31 December 2018	17,060,748	80,974,497	271,573	433,033	10,479,714	109,219,565
Effect of adoption of IFRS 16	(51,626)	(598,548)	–	–	–	(650,174)
Balance at 1 January 2019 (restated)	17,009,122	80,375,949	271,573	433,033	10,479,714	108,569,391
Additions	**8,499**	**339,339**	**7,977**	**6,166**	**7,026,049**	**7,388,030**
Transfer	**473,932**	**2,524,481**	**8,482**	**36,526**	**(3,043,421)**	**–**
Disposals	**(18,678)**	**(92,571)**	**(15,702)**	**(3,504)**	**(8,523)**	**(138,978)**
Transfer to right-of-use assets	**(40,678)**	**–**	**–**	**–**	**(25,379)**	**(66,057)**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**(22,365)**	**(22,365)**
Disposal of subsidiaries *(note 40)*	**(111,701)**	**(787,508)**	**(2,379)**	**(921)**	**(1,080)**	**(903,589)**
Others	**(49,867)**	**(34,621)**	**(1,267)**	**1,927**	**–**	**(83,828)**
Exchange difference	**–**	**(5,223)**	**–**	**–**	**–**	**(5,223)**
At 31 December 2019	**17,270,629**	**82,319,846**	**268,684**	**473,227**	**14,404,995**	**114,737,381**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment losses						
At 1 January 2018	4,719,575	18,743,901	185,600	241,699	123,905	24,014,680
Depreciation charge for the year	508,072	3,906,072	20,896	35,439	–	4,470,479
Written back on disposals	(19,358)	(142,310)	(12,921)	(2,328)	(23,166)	(200,083)
Impairment losses *(note (iv))*	–	–	–	–	4,346	4,346
Others	2,140	(2,267)	–	127	–	–
Exchange difference	–	517	–	–	–	517
Balance at 31 December 2018	5,210,429	22,505,913	193,575	274,937	105,085	28,289,939
Effect of adoption of IFRS 16	(23,377)	(174,138)	–	–	–	(197,515)
Balance at 1 January 2019 (restated)	5,187,052	22,331,775	193,575	274,937	105,085	28,092,424
Depreciation charge for the year	**610,618**	**3,938,846**	**21,137**	**25,234**	**–**	**4,595,835**
Written back on disposals	**(8,442)**	**(77,240)**	**(15,121)**	**(3,319)**	**(38,600)**	**(142,722)**
Impairment losses *(note (iii) (iv))*	**59,974**	**208,424**	**9,877**	**1,486**	**203,918**	**483,679**
Disposal of subsidiaries *(note 40)*	**(15,241)**	**(202,488)**	**(1,914)**	**(628)**	**–**	**(220,271)**
Others	**(13,206)**	**(1,513)**	**(626)**	**15,345**	**–**	**–**
Exchange difference	**–**	**(428)**	**–**	**–**	**–**	**(428)**
At 31 December 2019	**5,820,755**	**26,197,376**	**206,928**	**313,055**	**270,403**	**32,808,517**
Net book value:						
At 31 December 2018	11,850,319	58,468,584	77,998	158,096	10,374,629	80,929,626
At 1 January 2019 (restated)	11,822,070	58,044,174	77,998	158,096	10,374,629	80,476,967
At 31 December 2019	**11,449,874**	**56,122,470**	**61,756**	**160,172**	**14,134,592**	**81,928,864**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(i) The Group's property, plant and equipment are mainly located in the PRC.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB14,938,300,000 as at 31 December 2019 (31 December 2018: RMB14,531,653,000).

(iii) For the year ended 31 December 2019, the recoverable amount of certain subsidiaries' property, plant and equipment of the Group's wind power segment, natural-gas power segment and other business segment was lower than its carrying amount due to its continuous loss-making performance. The recoverable amounts of the projects have been estimated based on their value in use. When determining the recoverable amounts based on value-in-use calculations, management prepared the calculations with cash flow projections covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using discount rates of 6.8% to 11.0%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Key assumption used for the value-in-use calculations is the revenue from electricity sales. Management determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by the related government authorities. As a result, the carrying amounts of the property, plant and equipment of certain subsidiaries in the wind power segment, natural-gas power segment and other business segment were written down to their recoverable amounts of RMB380,634,000, RMB42,395,000 and RMB82,151,000, respectively, and the impairment losses of RMB279,761,000 (2018: nil) have been included in other operating expenses.

(iv) Full impairment provision of RMB203,918,000 (2018: RMB4,346,000) was made on certain construction in progress projects, where the construction was in hold-up progress and management considered that the probability of further processing of these projects is remote.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leased land, buildings and structures, and generators and related equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 6 to 70 years, and ongoing payments will be made under the terms of these land leases. Leases of buildings and structures generally have lease terms between 2 and 20 years, while generators and related equipment generally have lease terms between 6 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Prepaid land lease payments (before 1 January 2019)

	RMB'000
Carrying amount at 1 January 2018	1,427,500
Additions	35,484
Recognised in profit or loss during the year	(35,433)
Carrying amount at 31 December 2018	1,427,551

14. LEASES (CONTINUED)

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid Land lease payments *RMB'000*	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Total *RMB'000*
As at 1 January 2019	1,554,084	338,099	524,141	2,416,324
Additions	16,796	2,907	–	19,703
Transfer from property, plant and equipment	66,057	–	–	66,057
Disposal of subsidiaries *(note 40)*	(13,716)	–	–	(13,716)
Depreciation charge	(46,534)	(63,792)	(52,865)	(163,191)
As at 31 December 2019	1,576,687	277,214	471,276	2,325,177

(c) Lease liabilities

	2019 Lease liabilities ***RMB'000***
Carrying amount at 1 January	**703,155**
New leases	**5,771**
Accretion of interest recognised during the year *(note 6)*	**29,459**
Payments	**(112,895)**
Carrying amount at 31 December	**625,490**
Analysed into:	
Current portion *(note 27)*	**98,637**
Non-current portion	**526,853**

14. LEASES (CONTINUED)

(c) Lease liabilities (Continued)

The maturity analysis of lease liabilities (2018: finance lease payables) is disclosed in note 35 to the financial statements.

As at 31 December 2019, part of the lease liabilities, amounting to RMB166,081,000 (2018: RMB90,031,000 in obligation under finance leases), was derived from leases from a fellow subsidiary.

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019 *RMB'000*
Interest on lease liabilities	28,731
Depreciation charge of right-of-use assets *(note 7)*	160,774
Total amount recognised in profit or loss	189,505

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 23(d) and 35, respectively, to the financial statements.

15. INTANGIBLE ASSETS

	Concession assets RMB'000	Software and others RMB'000	Goodwill RMB'000	Total RMB'000
Cost:				
At 1 January 2018	865,945	147,250	496,647	1,509,842
Additions	80,393	29,889	–	110,282
Balance at 31 December 2018 and at 1 January 2019	**946,338**	**177,139**	**496,647**	**1,620,124**
Additions	317,841	882	–	318,723
Transfer from construction in progress	–	22,365	–	22,365
Disposal of subsidiaries	–	(82)	–	(82)
At 31 December 2019	**1,264,179**	**200,304**	**496,647**	**1,961,130**
Accumulated amortisation:				
Balance at 1 January 2018	150,243	60,755	–	210,998
Charge for the year	33,852	16,347	–	50,199
Balance at 31 December 2018 and at 1 January 2019	**184,095**	**77,102**	**–**	**261,197**
Charge for the year	38,949	19,591	–	58,540
Disposal of subsidiaries	–	(33)	–	(33)
At 31 December 2019	**223,044**	**96,660**	**–**	**319,704**
Net book value:				
At 31 December 2018	762,243	100,037	496,647	1,358,927
At 31 December 2019	**1,041,135**	**103,644**	**496,647**	**1,641,426**

The amortisation charge for the year is included in "depreciation and amortisation" in profit or loss.

15. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("**CGU**") identified according to operating segments as follows:

	2019 *RMB'000*	2018 *RMB'000*
Hydropower	**230,135**	230,135
Wind power	**266,512**	266,512
Total	**496,647**	496,647

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using discount rates of 5.5% to 8.5% (2018: 6.3% to 10.9%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The key assumption used for the value-in-use calculations is the revenue from electricity sales. Management has determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by the related government authorities.

16. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries at 31 December 2019 which principally affected the results, assets or liabilities of the Group. All of these subsidiaries are limited liability companies.

Name of company	Place of incorporation/ registration and business	Registered capital (RMB'000)	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activities
Fujian Mianhuatan Hydropower Development Company Limited 福建棉花灘水電開發有限公司(“**Mianhuatan Hydropower**”) *(note (ii))*	the PRC	800,000	60%	–	Hydropower generation
Fujian Huadian Jinhu Power Company Limited 福建華電金湖電力有限公司(“**Jinhu Power**”) *(note (ii))*	the PRC	100,000	–	50%	Hydropower generation
Huadian Ningde Electric Power Development Company Limited 華電寧德電力開發有限公司(“**Ningde Electric Power**”) (Previous known as” Mindong Hydropower Development Company Limited”) *(note (ii))*	the PRC	250,405	51%	–	Hydropower generation
Fujian Huadian Gaosha Hydropower Company Limited 福建華電高砂水電有限公司 *(note (ii))*	the PRC	66,000	–	62%	Hydropower generation
Huadian (Shaxian) Energy Company Limited 華電(沙縣)能源有限公司 *(note (ii))*	the PRC	66,000	–	40%	Hydropower generation
Fujian Huadian Wan'an Energy Company Limited 福建華電萬安能源有限公司 *(note (ii))*	the PRC	40,000	–	41%	Hydropower generation
Zhouning Huadian Energy Company Limited 周寧華電能源有限公司 *(note (ii))*	the PRC	60,000	–	70%	Hydropower generation
Fujian Shunchang Yangkou Hydropower Company Limited 福建省順昌洋口水電有限公司 *(note (ii))*	the PRC	66,000	–	55%	Hydropower generation
Fujian Songxixian Jinxing Hydropower Company Limited 福建省松溪縣金星水電有限公司 *(note (ii))*	the PRC	13,000	–	45%	Hydropower generation
Fujian Huadian Yong'an Power Generation Company Limited 福建華電永安發電有限公司	the PRC	663,000	100%	–	Coal-fired power generation
Huadian (Zhangping) Energy Company Limited 華電(漳平)能源有限公司(Previous known as”Fujian Huadian Zhangping Coal-fired Power Company Limited”)	the PRC	932,815	100%	–	Coal-fired power generation
Fujian Huadian Shaowu Energy Company Limited 福建華電邵武能源有限公司	the PRC	733,000	100%	–	Coal-fired power generation
Fujian Huadian Kemen Power Generation Company Limited 福建華電可門發電有限公司	the PRC	1,231,000	100%	–	Coal-fired power generation
Maoming Zhong'ao Wind Power Company Limited 茂名市中呦風電有限公司 *(note (ii))*	the PRC	83,288	51%	–	Wind power generation
Inner Mongolia Huadian Huitengxile Wind Power Company Limited 內蒙古華電輝騰錫勒風力發電有限公司	the PRC	842,000	100%	–	Wind power generation
Inner Mongolia Huadian Bayin Wind Power Company Limited 內蒙古華電巴音風力發電有限公司	the PRC	339,000	100%	–	Wind power generation
Gansu Huadian Yumen Wind Power Company Limited 甘肅華電玉門風力發電有限公司	the PRC	595,000	100%	–	Wind power generation

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Registered capital (RMB'000)	Proportion of ownership interest		Principal activities
			Held by the Company	Held by subsidiaries	
Huadian Jilin Da'an Wind Power Company Limited 華電吉林大安風力發電有限公司	the PRC	219,020	100%	–	Wind power generation
Inner Mongolia Huadian Wutaohai Wind Power Company Limited 內蒙古華電烏套海風電有限公司	the PRC	480,000	100%	–	Wind power generation
Huadian Tieling Wind Power Company Limited 華電鐵嶺風力發電有限公司	the PRC	183,500	100%	–	Wind power generation
Hebei Huadian Shangyi Wind Power Company Limited 河北華電尚義風力發電有限公司	the PRC	292,320	70%	–	Wind power generation
Inner Mongolia Huadian Meiguiying Wind Power Company Limited 內蒙古華電玫瑰營風力發電有限公司	the PRC	405,250	100%	–	Wind power generation
Shanxi Huadian Guangling Wind Power Company Limited 山西華電廣靈風力發電有限公司 *(note (ii))*	the PRC	250,000	–	65%	Wind power generation
Qitaihe Honghao Wind Power Company Limited 七台河宏浩風力發電有限公司 *(note (ii))*	the PRC	75,000	60%	–	Wind power generation
Shanxi Huadian Yanggao Wind Power Company Limited 山西華電陽高風力發電有限公司 *(note (ii))*	the PRC	80,000	–	65%	Wind power generation
Gansu Huadian Huanxian Wind Power Company Limited 甘肅華電環縣風力發電有限公司	the PRC	722,000	100%	–	Wind power generation
Shanghai Huadian Min Hang Energy Company Limited 上海華電閔行能源有限公司	the PRC	280,000	100%	–	Natural gas-fired power generation
Xinjiang Huadian Xuehu Wind Power Company Limited 新疆華電雪湖風力發電有限公司	the PRC	207,000	100%	–	Wind power generation
Damaoqi Xiehe Wind Power Company Limited 達茂旗協合風力發電有限公司	the PRC	291,000	100%	–	Wind power generation
Gansu Jingyuan Hangtian Wind Power Company Limited 甘肅靖遠航天風力發電有限公司	the PRC	215,000	98%	–	Wind power generation
Yunnan Huadian Daheishan Wind Power Company Limited 雲南華電大黑山風力發電有限公司	the PRC	354,400	85%	–	Wind power generation
Huadian Xinghua Solar Power Company Limited 華電興化太陽能發電有限公司	the PRC	284,000	100%	–	Solar power generation
Huadian Fuxin Xinjiang Power Company Limited 華電福新新疆能源有限公司	the PRC	348,000	100%	–	Solar power generation
Guangzhou University Town Huadian New Energy Company Limited 廣州大學城華電新能源有限公司("**Guangzhou New Energy**") *(note (ii))*	the PRC	294,360	55%	–	Natural gas-fired power generation
Huadian Fuxin International Investment Company Limited 華電福新國際投資有限公司	Hong Kong	*(HK$'000)* 390,000	100%	–	Investment holding
Elecdey Barchin, S.A.–Sociedad Unipersonal	Spain	*(EUR'000)* 200	–	100%	Wind power generation

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

(i) The English translation of the names is for reference only, except for the subsidiaries incorporated outside the PRC. The official names of these entities are in Chinese.

(ii) The Company's voting power in these entities attached to the equity interests does not allow the Company to have the rights to variable returns from its involvement with these entities and to have the ability to affect those returns through its power over these entities according to the articles of association of these entities. However, the Company or its subsidiaries are the largest shareholders of these entities and no other shareholders individually or in aggregate have the power to control these entities according to the articles of association. Historically, the Company controlled these entities by appointing senior management, approving the annual budget, determining the remuneration of employees, etc. The Company or its subsidiaries had signed the concert party agreements with certain equity holders of these companies, whereby such equity holders have agreed to vote the same as the Company or its subsidiaries. Such equity holders have also confirmed that the voting in unison with the Company or its subsidiaries has existed since the establishment of these companies. The PRC lawyer of the Company confirmed that the concert party agreements are valid under the relevant PRC laws. Considering the above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore, the financial information of these companies is consolidated by the Company for the years presented.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following table lists out the information relating to Mianhuatan Hydropower, Ningde Electric Power, Guangzhou New Energy and Jinhu Power, the four subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Mianhuatan Hydropower		Ningde Electric Power		Guangzhou New Energy		Jinhu Power	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**40%**	40%	**49%**	49%	**45%**	45%	**50%**	50%
Current assets	**507,484**	139,897	**101,860**	52,465	**108,731**	99,946	**29,261**	44,380
Non-current assets	**2,820,111**	2,911,542	**932,723**	964,361	**601,553**	454,860	**711,054**	740,870
Current liabilities	**499,262**	440,582	**133,759**	139,950	**89,818**	75,344	**91,551**	135,563
Non-current liabilities	**402,762**	440,708	**225,971**	278,780	**228,526**	114,513	**263,311**	301,017
Net assets	**2,425,571**	2,170,149	**674,853**	598,096	**391,940**	364,949	**385,453**	348,670
Carrying amount of NCI	**970,228**	868,060	**330,678**	293,067	**176,373**	164,227	**192,611**	174,821
Revenue	**630,932**	341,682	**377,867**	211,849	**438,058**	437,823	**254,751**	130,973
Profit for the year	**284,149**	92,705	**137,819**	68,513	**26,990**	5,497	**59,158**	27,438
Other comprehensive income for the year	**(28,729)**	18,641	**-**	–	**-**	–	**-**	–
Profit and other comprehensive income for the year	**255,420**	111,346	**137,819**	68,513	**26,990**	5,497	**59,158**	27,438
Profit allocated to NCI	**102,168**	44,539	**67,531**	33,571	**12,146**	2,474	**29,561**	13,719
Dividends paid to NCI	**-**	61,196	**29,920**	36,484	**-**	–	**11,771**	31,358
Cash flows from operating activities	**503,102**	210,782	**226,181**	92,160	**72,759**	52,727	**133,842**	12,625
Cash flows from/(used in) investing activities	**201,793**	(3,695)	**(10,368)**	(11,729)	**(142,636)**	(92,011)	**(22,597)**	(25,616)
Cash flows (used in)/from financing activities	**(308,119)**	(145,604)	**(139,527)**	(99,117)	**75,787**	56,910	**(117,551)**	11,022

17. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	2019	2018
	RMB'000	*RMB'000*
Share of net assets:		
– Unlisted investments	**9,524,804**	8,500,599
– Listed shares in Hong Kong	**541,654**	483,971
	10,066,458	8,984,570
Market value of listed shares	**299,556**	238,988

All of the associates and the joint ventures are limited liability companies. The following list contains only the particulars of material associates, which principally affected the results or assets of the Group. Except for Concord New Energy Group Limited ("**Concord New Energy**"), all associates and the joint ventures are unlisted corporate entities whose quoted market prices are not available:

Name of associate	Place of incorporation/ registration and business	Registered/ issued capital	Proportion of ownership interest		Principal activities
		RMB'000	Held by the Company	Held by a subsidiary	
Fujian Fuqing Nuclear Power Company Limited(福建福清核電有限公司)	the PRC	14,923,930	39%	–	Nuclear power generation
Concord New Energy Group Limited (協合新能源集團有限公司)	Bermuda/the PRC	125,000 *(HK$'000)*	–	10.35%	Construction of power plants
Zhonghai Fujian Gas Power Generation Company Limited (中海福建燃氣發電有限公司)	the PRC	777,000	25%	–	Gas power generation
Sanmen Nuclear Power Company Limited (三門核電有限公司)	the PRC	11,606,970	10% *(note 42 (c))*	–	Nuclear power generation

All of the above associates are accounted for using the equity method in the consolidated financial statements.

The Group made capital contributions to Fujian Fuqing Nuclear Power Company Limited and Sanmen Nuclear Power Company Limited of RMB546,000,000 (2018: RMB592,030,000) and RMB24,200,000 (2018: RMB51,000,000), respectively, in 2019.

17. INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Summarised financial information of the material associates, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Fujian Fuqing Nuclear Power Company Limited		Concord New Energy Group Limited	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Gross amounts of the associates				
Current assets	**6,012,344**	4,787,208	**3,451,499**	3,566,432
Non-current assets	**73,544,173**	68,633,857	**15,386,908**	13,846,317
Current liabilities	**8,320,253**	6,330,975	**3,293,915**	9,402,140
Non-current liabilities	**52,185,240**	50,884,427	**10,591,086**	3,463,929
Equity	**19,051,024**	16,205,663	**4,953,406**	4,546,680
Revenue	**9,076,951**	9,165,950	**1,824,429**	1,414,070
Profit	**2,041,564**	2,173,638	**632,713**	513,849
Other comprehensive income	**–**	(35)	**(2,034)**	(9,861)
Total comprehensive income	**2,041,564**	2,173,603	**630,679**	503,988
Dividend receivable/received from the associates	**646,000**	773,760	**15,469**	7,458
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associates	**19,051,024**	16,205,663	**4,953,406**	4,546,680
Group's effective interest	**39%**	39%	**10.35%**	10.29%
Group's share of net assets of the associates	**7,429,899**	6,320,209	**512,678**	467,853
Goodwill on acquisition	**–**	–	**16,118**	16,118
Carrying amount included in the consolidated financial statements	**7,408,428**	6,320,209	**541,654**	483,971

17. INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

	Zhonghai Fujian Gas Power Generation Company Limited		Sanmen Nuclear Power Company Limited	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Gross amounts of the associates				
Current assets	**378,662**	625,156	**3,551,426**	3,085,230
Non-current assets	**1,919,730**	2,126,436	**62,744,255**	63,304,275
Current liabilities	**562,959**	811,862	**6,475,350**	5,458,570
Non-current liabilities	**730,000**	930,000	**45,423,946**	45,744,769
Equity	**1,005,433**	1,009,730	**14,396,385**	15,186,166
Revenue	**2,714,713**	2,581,709	**3,657,546**	1,454,608
Profit	**81,485**	95,268	**(1,019,160)**	199,095
Other comprehensive income	**–**	–	**(3,348)**	4,043
Total comprehensive income	**81,485**	95,268	**(1,022,508)**	203,138
Dividend receivable/received from the associates	**21,446**	–	**–**	–
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associates	**1,005,433**	1,009,730	**14,396,385**	15,186,166
Group's effective interest	**25%**	25%	**10%**	10%
Group's share of net assets of the associates	**251,358**	252,433	**1,439,639**	1,518,617
Carrying amount included in the consolidated financial statements	**251,358**	252,433	**1,445,603**	1,523,036

Aggregate information of associates and joint ventures that are not individually material:

	2019	2018
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**419,415**	404,921
Aggregate amounts of the Group's share of profit and other comprehensive income of those associates and joint ventures	**29,463**	18,603

18. OTHER NON-CURRENT ASSETS

	2019 **RMB'000**	2018 *RMB'000*
Deductible Value Added Tax ("VAT") *(note (i))*	**1,532,569**	1,723,049
Unquoted equity investments in non-listed companies, at fair value *(note (ii)(iii))*	**467,718**	876,361
Equity investment in a Hong Kong listed company, at fair value *(note (iv))*	**209,946**	211,414
Deferred differences arising from sales and leaseback resulting in a finance lease	**–**	113,283
Others	**117,162**	152,640
Amounts due from a joint venture *(note (v))*	**28,731**	–
	2,356,126	3,076,747
Less: Allowance for doubtful debts	**(28,731)**	–
	2,327,395	3,076,747

Notes:

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventories, which is deductible from the output VAT. The input VAT expected to be deducted within one year is recorded in prepayments and other current assets (note 21).

(ii) The unquoted equity investments in non-listed companies are limited liability companies established in the PRC. On 1 January 2018 (the initial application date of IFRS 9), the Group's management has assessed and classified these equity investments into equity investments through other comprehensive income and measured at fair value (without recycling).

(iii) In September 2019, the Group disposed of its 6% equity investments in Huaxin Insurance Brokerage Corporation Limited (華信保險經紀有限公司) ("**Huaxin Insurance**") and its 4.95% equity investments in Huadian Group Finance Corporation Limited (華電集團財務有限公司) ("**Huadian Finance**"). The fair values of the aforementioned equity interests on the date of sale were RMB16,425,000 and RMB399,491,000, and the accumulated gain recognised in other comprehensive income of RMB8,925,000 and RMB116,284,000 were transferred to retained earnings, respectively.

(iv) Pursuant to the agreement with China Energy Engineering Corporation Limited ("**China Energy Engineering**"), the Group subscribed for the 243,722,000 shares of China Energy Engineering at the offering price of HK$1.59 per share on 8 December 2015. The Group recognised it as an equity investment at fair value through other comprehensive income (without recycling).

(v) Pursuant to the revision of articles of association of Jiangxi Huadian Jiujiang Distributied Energy Company Limited ("江西華電九江分佈式能源有限公司") ("**Huadian Jiujiang**") as disclosed in note 40(b), the Group lost control over Huadian Jiujiang and has accounted for it as a joint venture. The Group has entrusted loans to Huadian Jiujiang amounting to RMB28,731,000 and considers that the recoverability is remote due to continuous loss-making performance of Huadian Jiujiang. As a result, full provision relating to the entrusted loan balance as at 31 December 2019 of RMB28,731,000 has been made during the current year and included in other operating expenses.

19. INVENTORIES

(a) Inventories in the statement of financial position comprise the following:

	2019 *RMB'000*	2018 *RMB'000*
Coal	**157,681**	275,441
Fuel oil	**5,477**	4,346
Spare parts and others	**124,590**	133,777
	287,748	413,564
Less: Provision for inventory obsolescence	**(6,506)**	–
	281,242	413,564

(b) The analysis of the amount of inventories recognised as expenses and included in profit or loss is as follows:

	2019 *RMB'000*	2018 *RMB'000*
Cost of fuel	**5,244,180**	5,876,957
Cost of spare parts and others used	**197,478**	200,663
	5,441,658	6,077,620

(c) Movements of provision for inventory obsolescence during the year are analysed as follows:

	2019 *RMB'000*	2018 *RMB'000*
Beginning of the year	**–**	–
Provision*	**(6,506)**	–
	(6,506)	–

* In 2019, approximately RMB6,506,000 provision (2018: nil) was provided for the spare parts and others, which was recognised based on the net realisable value.

20. TRADE AND BILLS RECEIVABLES

	2019 RMB'000	2018 RMB'000
Amounts due from third parties	**9,519,968**	5,960,434
Amount due from an associate	**8,406**	18,212
Amount due from a joint venture	**729**	–
Amounts due from fellow subsidiaries	**498**	4,360
Less: Allowance for doubtful accounts	**(14,427)**	(13,229)
	9,515,174	5,969,777
Analysed into:		
Trade receivables		
– at amortised cost	**1,807,317**	1,719,251
– at fair value through other comprehensive income	**7,455,787**	3,948,183
	9,263,104	5,667,434
Bills receivable, at fair value through other comprehensive income	**252,070**	302,343
	9,515,174	5,969,777

(a) Ageing analysis

The ageing analysis of trade and bills receivables (net of loss allowance) of the Group, based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Within 1 year	**9,467,469**	5,917,678
Between 1 and 2 years	**15,556**	18,278
Between 2 and 3 years	**961**	31,073
Over 3 years	**31,188**	2,748
	9,515,174	5,969,777

The Group's trade receivables are mainly electricity sales receivable from local grid companies for which there was no recent history of default. Generally, the debtors are due within 15 to 30 days from the date of invoice, except for the tariff premium of renewable energy relating to certain renewable energy projects, such as wind power projects and solar power projects. The collection of such tariff premium is subject to the allocation of funds by the relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Loss allowance for impairment of trade and bills receivables

The movements in the loss allowance for impairment of doubtful debts during the year are as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**13,229**	9,923
Impairment losses, net	**1,825**	3,474
Uncollectible amounts written off	**(627)**	(168)
At 31 December	**14,427**	13,229

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that recovery of the amount is remote.

Pursuant to CaiJian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. As at 31 December 2019 and 2018, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects were in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The directors are of the opinion that the approvals will be obtained in due course and these trade receivables from tariff premium are fully recoverable, considering that there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group has applied the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit losses of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Loss allowance for impairment of trade and bills receivables (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Tariff premium of renewable energy	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	–	–	4.0%	12.5%	30.0%	
Gross carrying amount *(RMB'000)*	7,455,787	1,759,612	15,556	961	45,615	9,277,531
Expected credit losses *(RMB'000)*	–	–	(622)	(120)	(13,685)	(14,427)

As at 31 December 2018

	Tariff premium of renewable energy	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	–	–	4.0%	17.0%	45.2%	
Gross carrying amount *(RMB'000)*	3,948,183	1,667,152	18,278	31,073	15,977	5,680,663
Expected credit losses *(RMB'000)*	–	–	(731)	(5,282)	(7,216)	(13,229)

Bills receivable as at 31 December 2019 were all bank acceptance bills with a maturity of one to six months, and management considers the probability of default as minimal.

21. PREPAYMENTS AND OTHER CURRENT ASSETS

	2019	2018
	RMB'000	*RMB'000*
Certified Emission Reduction ("**CERs**") receivables	**92,333**	92,333
Staff advance and other deposits	**18,501**	29,260
Amounts due from related parties		
– due from fellow subsidiaries	**40,743**	17,440
– due from associates	**45,800**	558,638
– due from a joint venture	**67,954**	–
Deductible VAT *(note 18 (i))*	**851,826**	1,188,543
Prepayments for the coal and spare parts supply	**100,103**	63,349
Other prepayments and debtors	**265,147**	360,682
	1,482,407	2,310,245
Less: Allowance for doubtful debts	**(201,517)**	(156,731)
	1,280,890	2,153,514

The movements in the allowance for doubtful debts are as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**156,731**	158,533
Impairment losses recognised	**90,171**	2,270
Reversal of impairment losses	**(37)**	(1,076)
Uncollectible amounts written off	**(45,348)**	(2,996)
At 31 December	**201,517**	156,731

For the financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. For staff advance and other deposits, certain amounts included in amounts due from associates and certain amounts included in other prepayments and debtors, they have specific due dates or settlement schedules. Management considers the probability of default as minimal. The expected credit loss rate applied for the rest part of prepayments and other current assets ranged from 0.0% to 83.0% (2018: 1.0% to 77.7%).

22. RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as housing maintenance funds designated for specific purposes pursuant to the relevant PRC regulations.

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents:

	2019 ***RMB'000***	2018 *RMB'000*
Cash on hand	**2,117**	88
Cash at bank	**1,564,330**	1,505,605
Deposits with a fellow subsidiary *(note (i))*	**891,399**	2,092,148
	2,457,846	3,597,841

Note:

(i) Deposits with a fellow subsidiary represent the deposits in Huadian Finance, a registered financial institution in the PRC.

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,771,000 and RMB5,771,000, respectively, in respect of lease arrangements for plant and equipment (2018: nil).

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings *RMB'000*	Obligations under finance leases/ Lease liabilities *RMB'000*	Dividends payable included in other payables and accruals *RMB'000*	Total *RMB'000*
	(note 24)	*(notes 14, 25)*		
At 31 December 2018	**64,964,353**	**316,469**	**297,097**	**65,577,919**
Effect of adoption of IFRS 16	**–**	**386,686**	**–**	**386,686**
At 1 January 2019 (restated)	**64,964,353**	**703,155**	**297,097**	**65,964,605**
Changes from financing cash flows:				
Proceeds from borrowings	**25,796,088**	**–**	**–**	**25,796,088**
Repayment of borrowings	**(27,116,763)**	**–**	**–**	**(27,116,763)**
Principal portion of lease payments	**–**	**(83,436)**	**–**	**(83,436)**
Dividends paid	**–**	**–**	**(1,039,172)**	**(1,039,172)**
Interest paid	**(3,007,374)**	**(29,459)**	**–**	**(3,036,833)**
Total changes from financing cash flows	**(4,328,049)**	**(112,895)**	**(1,039,172)**	**(5,480,116)**

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities: (Continued)

	Borrowings *RMB'000*	Obligations under finance leases/ Lease liabilities *RMB'000*	Dividends payable included in other payables and accruals *RMB'000*	Total *RMB'000*
	(note 24)	*(notes 14, 25)*		
Exchange adjustments	**(4,177)**	**–**	**2,422**	**(1,755)**
Other changes:				
Interest expenses *(note 6)*	3,004,291	29,459	–	3,033,750
Decrease in interest payable	3,082	–	–	3,082
New leases	–	5,771	–	5,771
Dividends payable by subsidiaries to non-controlling equity holders	–	–	125,912	125,912
Final dividend of 2018	–	–	477,572	477,572
Profit attributable to the holders of perpetual medium-term notes and renewable corporate bonds	–	–	528,296	528,296
Disposal of subsidiaries *(note 40)*	(593,975)	–	(59,045)	(653,020)
Total other changes	2,413,398	35,230	1,072,735	3,521,363
At 31 December 2019	**63,045,525**	**625,490**	**333,082**	**64,004,097**

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities: (Continued)

	Borrowings *RMB'000*	Obligations under finance leases *RMB'000*	Dividends payable included in other payables and accruals *RMB'000*	Total *RMB'000*
	(note 24)	*(note 25)*		
At 1 January 2018	69,161,638	251,427	123,674	69,536,739
Changes from financing cash flows:				
Proceeds from borrowings	27,516,082	–	–	27,516,082
Repayment of borrowings	(31,641,426)	–	–	(31,641,426)
Payments of finance lease obligations	–	(36,644)	–	(36,644)
Dividends paid	–	–	(821,904)	(821,904)
Interest paid	(3,220,814)	–	–	(3,220,814)
Total changes from financing cash flows	(7,346,158)	(36,644)	(821,904)	(8,204,706)
Exchange adjustments	8,625	–	7,928	16,553
Other changes:				
Finance charges on obligations under finance leases *(note 6)*	–	11,275	–	11,275
Interest expenses *(note 6)*	3,200,608	–	–	3,200,608
Decrease in interest payable	30,051	–	–	30,051
Reclassification	(90,411)	90,411	–	–
Dividends payable by subsidiaries to non-controlling equity holders	–	–	244,685	244,685
Final dividend of 2017	–	–	467,483	467,483
Profit attributable to the holders of perpetual medium-term notes and renewable corporate bonds	–	–	275,231	275,231
Total other changes	3,140,248	101,686	987,399	4,229,333
At 31 December 2018	64,964,353	316,469	297,097	65,577,919

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Total cash outflow for leases:

	2019 ***RMB'000***
Within operating activities	**11,830**
Within investing activities	**–**
Within financing activities	**112,895**
	124,725

24. BORROWINGS

(a) The long-term interest-bearing borrowings comprise the following:

	2019 ***RMB'000***	2018 *RMB'000*
Bank loans and loans from financial institutions		
– Secured *(note (ii))*	**21,943,306**	23,659,861
– Unsecured *(note (i))*	**25,399,763**	25,816,930
Loans from China Huadian Corporation Ltd. ("**Huadian**")		
– Unsecured	**1,220,970**	2,246,447
Loans from fellow subsidiaries		
– Secured	**838,487**	601,599
– Unsecured	**1,414,500**	273,000
Other borrowings		
– Secured *(note (e)(i))*	**786,332**	834,943
– Unsecured *(note (e)(ii))*	**5,033,341**	5,991,748
	56,636,699	59,424,528
Less: Current portion of long-term borrowings		
– Bank loans and loans from financial institutions	**(5,654,477)**	(5,195,811)
– Loans from fellow subsidiaries	**(300,127)**	(132,448)
– Loans from Huadian	**(1,110,420)**	–
– Other borrowings	**(105,338)**	–
	49,466,337	54,096,269

24. BORROWINGS (CONTINUED)

(a) The long-term interest-bearing borrowings comprise the following: (Continued)

Notes:

All of the long-term interest-bearing borrowings are carried at amortised cost.

(i) Certain unsecured borrowings were guaranteed by the following entities:

	2019	2018
	RMB'000	*RMB'000*
Guarantor		
– Huadian	**173,300**	365,928
– Non-controlling shareholders of subsidiaries	**53,000**	89,000
	226,300	454,928

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB14,938,300,000 (31 December 2018: RMB14,531,653,000). Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's land use rights, which had an aggregate net book value of RMB10,906,000 (31 December 2018: RMB11,593,000). Certain of the Group's interest-bearing borrowings with a carrying amount of RMB15,302,132,000 (31 December 2018: RMB17,105,786,000) were secured by certain rights of receipt of tariff of the Group.

24. BORROWINGS (CONTINUED)

(b) The short-term interest-bearing borrowings comprise the following:

	2019 **RMB'000**	2018 RMB'000
Bank loans and loans from financial institutions		
– Secured	**9,500**	167,800
– Unsecured	**6,369,326**	4,473,343
Loans from a fellow subsidiary		
– Unsecured	**15,000**	100,000
Other borrowings		
– Unsecured *(note (e)(iii))*	**15,000**	798,682
	6,408,826	5,539,825
Add: Current portion of long-term borrowings		
– Bank loans and loans from financial institutions	**5,654,477**	5,195,811
– Loans from fellow subsidiaries	**300,127**	132,448
– Loans from Huadian	**1,110,420**	–
– Other borrowings	**105,338**	–
	13,579,188	10,868,084

24. BORROWINGS (CONTINUED)

(c) The interest rates on borrowings are as follows:

	2019	2018
Long-term		
Bank loans and loans from financial institutions	**1.08%–6.20%**	1.08%–6.20%
Loans from Huadian	**4.15%–5.60%**	4.15%–5.60%
Loans from fellow subsidiaries	**4.41%-4.90%**	4.75%-4.90%
Other borrowings	**3.04%–5.38%**	3.04%–5.38%
Short-term		
Bank loans and loans from financial institutions	**0.47%–5.16%**	0.47%–5.66%
Loans from a fellow subsidiary	**4.35%**	4.35%
Other borrowings	**4.35%**	3.30%

(d) The borrowings are repayable as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Within 1 year or on demand	**13,579,188**	10,868,084
After 1 year but within 2 years	**9,559,822**	9,066,799
After 2 years but within 5 years	**19,005,953**	22,538,054
After 5 years	**20,900,562**	22,491,416
	63,045,525	64,964,353

24. BORROWINGS (CONTINUED)

(e) Significant terms of other borrowings:

	2019 **RMB'000**	2018 RMB'000
Long-term		
Asset-backed securities *(note (i))*	**680,994**	834,943
Corporate bonds *(note (ii))*	**5,033,341**	5,991,748
Short-term		
Financing instruments *(note (iii))*	**–**	798,682
Asset-backed securities *(note (i))*	**105,338**	–

Notes:

(i) In March 2018, the Company's several wholly-owned subsidiaries securitise a batch of rights of receipt of electricity tariff through transfer of those assets to a special purpose entity with an aggregate principal amount of RMB840,000,000 to institutional investors. The asset-backed securities have eleven senior tranches and one subordinated tranche. The Group received proceeds of RMB830,000,000 from the senior tranches which have expected annualised yields of 5.1% and maturity periods from two years to twelve years. The subordinated tranche amounting to RMB10,000,000 was purchased by the Company itself and thus no proceeds were received. As at 31 December 2019, the amortised cost of the debt securities issued amounted to RMB786,332,000 (2018: RMB834,943,000), including an amount of RMB105,338,000 (2018: nil) reclassified to short-term according to the repayment plan.

(ii) On 25 March 2013, the Company issued a five-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.00% per annum, which was repaid on 25 March 2018, and a ten-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.30% per annum. The effective interest rates of the above bonds are 5.13% and 5.38% per annum, respectively.

On 22 September 2016, the Company issued a five-year unsecured corporate bond of RMB3,000,000,000 at par with a coupon rate of 2.97% per annum, where the effective interest rate of this bond is 3.04% per annum. On 23 September 2019, holders of the corporate bonds sold a portion of the issued bonds amounting to RMB111,993,000 at par value back to the Company after the Company announced to adjust the coupon rate from 2.97% to 3.50% for the remaining two years, according to the sellback clause within the bond offering document.

On 4 November 2016, the Company issued a five-year unsecured corporate bond of RMB900,000,000 at par with a coupon rate of 3.02% per annum and a seven-year unsecured corporate bond of RMB1,100,000,000 at par with a coupon rate of 3.18% per annum. The effective interest rates of the five-year and seven-year unsecured corporate bonds are 3.09% and 3.23% per annum, respectively. On 4 November 2019, holders of the corporate bonds sold a portion of the issued bonds amounting to RMB850,000,000 at par value back to the Company after the Company announced not to change the coupon rate, according to the sellback clause within the bond offering document.

(iii) At 31 December 2018, the balance represented unsecured ultra-short-term corporate bonds with a coupon rate of 3.30% per annum and with a due date of 22 July 2019. On 22 July 2019, the Company repaid unsecured ultra-short-term corporate bonds of RMB798,682,000 with a coupon rate of 3.30% per annum.

25. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2018, the Group had obligations under finance leases repayable as follows. These leases were classified as finance leases prior to IFRS 16 becoming effective on 1 January 2019 and had remaining lease terms ranging from 5 to 19 years.

	2018	
	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Within 1 year	25,810	40,184
After 1 year but within 2 years	48,426	61,200
After 2 years but within 5 years	147,211	174,530
After 5 years	95,022	99,915
	290,659	335,645
	316,469	375,829
Less: Total future interest expenses		(59,360)
Present value of finance lease obligations		316,469

26. TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables to third parties	**947,396**	912,813
Bills payable to third parties	**25,444**	48,000
Trade payables to related parties	**411,300**	117,868
Bills payable to related parties	**65,000**	25,000
	1,449,140	1,103,681

The ageing analysis for the trade and bills payables, based on invoice dates, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**967,806**	819,214
Between 1 and 2 years	**401,675**	235,471
Between 2 and 3 years	**50,875**	23,534
Over 3 years	**28,784**	25,462
	1,449,140	1,103,681

All of the trade and bills payables are expected to be settled within one year or are repayable on demand and are non-interest-bearing.

27. OTHER PAYABLES AND ACCRUALS

	2019 RMB'000	2018 RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	**3,000,611**	3,710,333
Provision for Mianhuatan resettlement compensation *(note (i))*	**310,000**	40,000
Retention payable *(note (ii))*	**779,787**	805,223
Dividends payable	**323,163**	297,097
Payable for acquisition of subsidiaries	**–**	4,584
Payables for staff-related costs	**76,004**	78,555
Payables for other taxes	**260,958**	212,281
Interest payable	**183,239**	189,428
Amounts due to fellow subsidiaries *(note (iii))*	**1,037,986**	919,443
Amounts due to associates *(note (iii))*	**394,161**	309,965
Amounts due to Huadian *(note (iii))*	**3,712**	2,000
Contract liability	**34,672**	31,668
Lease liabilities *(note 14)*	**98,637**	–
Other accruals and payables	**534,545**	619,643
	7,037,475	7,220,220

Notes:

(i) Mianhuatan Hydropower, one of the Company's subsidiaries, owns and operates a hydropower plant (the "**Mianhuatan Project**") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "**Shanghai Institute**"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principle and paid to the local government additional compensations of RMB15 million, RMB15 million and RMB360 million in 2009, 2010 and 2011, respectively, totalling RMB390 million. In addition, the management of Mianhuatan Hydropower has recognised an additional provision of RMB40 million for this dispute during the year ended 31 December 2011. The total amounts of RMB430 million have been capitalised in property, plant and equipment. After reviewing the assessment report from the Shanghai Institute, the Fujian Development and Reform Commission (the "**Fujian DRC**") and the National Development and Reform Commission of the PRC (the "**NDRC**") would determine the adjusted resettlement compensation for which Mianhuatan Hydropower is responsible.

On 18 November 2019, Mianhuatan Hydropower entered into a preliminary settlement agreement with the local government authority of Longyan, Fujian Province. Mianhuatan Hydropower agreed to raise final resettlement compensation cap to RMB700 million, which included the prepayment of RMB390 million made during the period from 2009 to 2011. The final amount of resettlement compensation and payment schedule is subject to determination of Fujian DRC. The total amounts in addition to RMB430 million recognised have been capitalised in property, plant and equipment.

(ii) Retention payable represents amounts due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.

(iii) These amounts are all unsecured, interest-free and have no fixed terms of payment.

All other payables and accruals are expected to be settled within one year or are repayable on demand.

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax (recoverable)/payable in the consolidated statement of financial position represents:

	2019 *RMB'000*	2018 *RMB'000*
Net tax payable at 1 January	**61,104**	102,805
Provision for the year *(note 8(a))*	**540,733**	254,938
(Overprovision)/underprovision in respect of prior years *(note 8(a))*	**(11,886)**	3,695
Income tax paid	**(435,677)**	(300,334)
Net tax payable at 31 December	**154,274**	61,104
Representing:		
Tax payable	**155,450**	77,413
Tax recoverable	**(1,176)**	(16,309)
	154,274	61,104

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Tax losses	Revaluation deficit	Provision for impairment of assets	Trial run revenue	Deferred income	Expenses deductible on a payment basis	Revaluation surplus	Depreciation of property plant and equipment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	16,490	47,309	17,073	220,758	46,921	13,442	(265,782)	(644,627)	6,535	(541,881)
(Charged)/credited to profit or loss *(note 8(a))*	5,465	(3,399)	(1,156)	6,442	(1,199)	429	12,101	(27,956)	(17,163)	(26,436)
Charged to other comprehensive income	–	–	–	–	–	–	–	–	(70,352)	(70,352)
Exchange difference	–	–	–	–	–	–	–	–	(274)	(274)
At 31 December 2018	21,955	43,910	15,917	227,200	45,722	13,871	(253,681)	(672,583)	(81,254)	(638,943)
At 1 January 2019	**21,955**	**43,910**	**15,917**	**227,200**	**45,722**	**13,871**	**(253,681)**	**(672,583)**	**(81,254)**	**(638,943)**
(Charged)/credited to profit or loss *(note 8(a))*	**(12,272)**	**(3,759)**	**1,555**	**(8,075)**	**(9,684)**	**(799)**	**5,365**	**16,278**	**(2,038)**	**(13,429)**
Credited to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37,521**	**37,521**
Exchange difference	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(248)**	**(248)**
At 31 December 2019	**9,683**	**40,151**	**17,472**	**219,125**	**36,038**	**13,072**	**(248,316)**	**(656,305)**	**(46,019)**	**(615,099)**

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: (Continued)

Reconciliation to the consolidated statement of financial position

	2019 **RMB'000**	2018 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	**362,511**	369,046
Net deferred tax liability recognised in the consolidated statement of financial position	**(977,610)**	(1,007,989)
	(615,099)	(638,943)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(u), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB3,695,508,000 as at 31 December 2019 (31 December 2018: RMB2,956,664,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. For the unused tax losses as at 31 December 2019, RMB303,797,000, RMB374,417,000, RMB593,207,000, RMB980,849,000 and RMB1,443,238,000, if unused, will expire at the end of years 2020, 2021, 2022, 2023 and 2024, respectively.

29. DEFERRED INCOME

	RMB'000
At 1 January 2018	532,907
Additions	33,633
Credited to profit or loss	(54,997)
At 31 December 2018	511,543
Less: Current portion of deferred income	(49,555)
	461,988
At 1 January 2019	**511,543**
Additions	**32,112**
Credited to profit or loss	**(73,629)**
At 31 December 2019	**470,026**
Less: Current portion of deferred income	**(53,256)**
	416,770

30. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of the Company's equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000*	Capital reserve *RMB'000*	Reserve fund *RMB'000*	Fair value reserve *RMB'000*	Retained earnings *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2018 (restated)	8,407,962	2,367,423	817,193	182,938	4,572,439	3,988,340	20,336,295
Changes in equity for 2018:							
Profit and other comprehensive income for the year	–	–	–	(52,967)	1,405,632	275,231	1,627,896
Issuance of perpetual medium-term notes and renewable corporate bonds, net of issuing expenses *(notes 31, 32)*	–	–	–	–	–	4,981,502	4,981,502
Final dividend of 2017 *(note 30(b))*	–	–	–	–	(467,483)	–	(467,483)
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 31, 32)*	–	–	–	–	–	(275,231)	(275,231)
Transfer to reserve fund	–	–	181,123	–	(181,123)	–	–
Others	–	–	–	–	(3,239)	–	(3,239)
Balance at 31 December 2018 and 1 January 2019	8,407,962	2,367,423	998,316	129,971	5,326,226	8,969,842	26,199,740

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of the Company's equity (Continued)

	Share capital *RMB'000*	Capital reserve *RMB'000*	Reserve fund *RMB'000*	Fair value reserve *RMB'000*	Retained earnings *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000*	Total equity *RMB'000*
Changes in equity for 2019:							
Profit and other comprehensive income for the year	-	-	-	(28,995)	181,784	528,296	681,085
Issuance of perpetual medium-term notes and renewable corporate bonds, net of issuing expenses *(notes 31, 32)*	-	-	-	-	-	3,596,705	3,596,705
Final dividend of 2018 (note 30(b))	-	-	-	-	(477,572)	-	(477,572)
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 31, 32)*	-	-	-	-	-	(528,296)	(528,296)
Transfer to reserve fund	-	-	116,105	-	(116,105)	-	-
Transfer of fair value reverse upon the disposal of equity instruments at fair value through other comprehensive income	-	-	-	(4,463)	4,463	-	-
Business combination under common control	-	-	-	-	49,993	-	49,993
Others	-	-	-	-	(354)	-	(354)
Balance at 31 December 2019	8,407,962	2,367,423	1,114,421	96,513	4,968,435	12,566,547	29,521,301

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

(i) Dividends payable to equity shareholders attributable to the year

	2019 **RMB'000**	2018 *RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.0540 per share (2018: RMB0.0568 per share)	**454,030**	477,572

The Board resolved on 20 March 2020 that RMB0.0540 per share is to be distributed to the shareholders for 2019, subject to approval of the shareholders at the coming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, declared during the year

	2019 **RMB'000**	2018 *RMB'000*
Final dividend in respect of the previous financial year, approved during the year of RMB0.0568 per share (2018: RMB0.0556 per share)	**477,572**	467,483

30. CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Share capital

	2019 ***RMB'000***	2018 *RMB'000*
Ordinary shares, issued and fully paid		
5,837,738,400 domestic state-owned ordinary shares of RMB1.00 each	**5,837,738**	5,837,738
2,570,223,120 (2018: 2,570,223,120) H shares of RMB1.00 each	**2,570,224**	2,570,224
	8,407,962	8,407,962

In June and July 2012, the Company issued an aggregate of 1,622,616,000 H shares after exercise of overallotment option with a nominal value of RMB1.00 each, at a price of HK$1.65 per H share by way of an initial public offering (the "**IPO**") to Hong Kong and overseas investors. In connection with the IPO, 162,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, China Power Engineering Consulting Group Technology Development Co., Ltd. ("**CPECG**"), Kunlun Trust Co., Ltd. ("**Kunlun Trust**"), Guizhou Wujiang Hydropower Development Co., Ltd. ("**Wujiang Hydropower**"), China Huadian Engineering Co., Ltd. ("**Huadian Engineering**"), Industrial Innovation Capital Management Co., Ltd. ("**Xingzheng Capital**") and Fujian Datong Chuangye Capital Co., Ltd. ("**Datong Capital**") were converted into H shares on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC (the "**NSSF**").

On 5 February 2014, the Company issued 356,975,520 H shares with a par value of RMB1.00, at the placing price of HK$3.30 per H share. The net proceeds from the placing after deduction of issuing expenses amounted to approximately HK$1,155,617,000 (equivalent to RMB908,605,000).

On 3 December 2014, the Company issued 428,370,000 H shares with a par value of RMB1.00, at the placing price of HK$4.01 per H share. The net proceeds from the placing after deduction of issuing expenses amounted to approximately HK$1,687,703,000 (equivalent to RMB1,335,732,000).

After the issuances of shares upon placing, 8,407,962,000 ordinary shares, with a par value of RMB1.00 each, were in issue.

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

There are no movements in the Company's share capital during the year (2018: nil).

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the Company's IPO in 2012 and the placing of new H shares in 2014.

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by the equity shareholders before the IPO in 2012.

(ii) Reserve fund

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations that have a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(x).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(m).

30. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Distributability of reserves

At 31 December 2019, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB4,968,435,000 (31 December 2018: RMB5,326,226,000). After the end of the reporting period, the directors proposed a final dividend of RMB5.40 cents per ordinary share (2018: RMB5.68 cents) amounting to RMB454,030,000 (2018: RMB477,572,000) (note 30(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratio of the Group as at 31 December 2019 was 66% (31 December 2018: 69%).

The Group has adopted IFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at 1 January 2019 with no adjustments to the comparative amounts as at 31 December 2018. This resulted in an increase in the Group's net debt, and hence, the Group's liability-to-asset ratio increased from 69% to 70% on 1 January 2019 when compared with the position as at 31 December 2018.

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements.

31. PERPETUAL MEDIUM-TERM NOTES

	Issuance date	Initial distribution rate	Distribution payment date	First call date	Principal amounts	Issuance costs	Carrying amount	
							31 December 2019	31 December 2018
					RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
First tranche of 2015 perpetual medium-term notes ("**PMTN**")	21 April 2015	5.75%	23 April	23 April 2020	2,000,000	6,000	**1,994,000**	1,994,000
First tranche of 2018 PMTN	1–2 November 2018	4.65%	5 November	5 November 2021	1,000,000	4,245	**995,755**	995,755
Second tranche of 2018 PMTN	22 November 2018	4.65%	26 November	26 November 2021	1,000,000	4,245	**995,755**	995,755
Third tranche of 2018 PMTN	5–6 December 2018	4.64%	7 December	7 December 2021	1,000,000	4,245	**995,755**	995,755
First tranche of 2019 PMTN	28–29 May 2019	4.50%	30 May	30 May 2022	2,000,000	1,786	**1,998,214**	–
Second tranche of 2019 PMTN	17–19 September 2019	3.98%	19 September	19 September 2022	1,600,000	1,509	**1,598,491**	–
Proceeds from issuance							**8,577,970**	4,981,265
Add: Profit attributable to the holders of PMTN							**326,796**	130,236
Less: Distribution							**(326,796)**	(130,236)
Equity attributable to the holders of PMTN							**8,577,970**	4,981,265

Information of the perpetual medium-term notes issued by the Company is listed as above.

The PMTN were all issued at par value and recorded as equity in the Group's financial statements, after netting off related issuance costs. Interest of the PMTN is recorded as distribution, which is paid annually in arrears on the distribution payment date of each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred.

The PMTN have no fixed maturity dates and are callable at the Company's option in whole on the first call date or any distribution payment date falling after the first call date at their principal amounts together with any accrued, unpaid or deferred distributions.

31. PERPETUAL MEDIUM-TERM NOTES (CONTINUED)

The applicable distribution rate will be reset, on the first call date of the first tranche of 2015 PMTN and every five years after the first call date of the first tranche of 2015 PMTN, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The applicable distribution rate will be reset, on the first call date of the three tranches of 2018 PMTN and the two tranches of 2019 PMTN and every three years after the first call date of the three tranches of 2018 PMTN and the two tranches of 2019 PMTN, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

For the year ended 31 December 2019, net profit attributable and distribution to holders of the PMTN based on the applicable rate, in aggregate, were RMB326,796,000 (2018: RMB130,236,000) and RMB326,796,000 (2018: RMB130,236,000), respectively.

32. RENEWABLE CORPORATE BONDS

	Issuance date	Initial distribution rate	Distribution Payment Date	First Call Date	Principal amounts RMB'000	Issuance costs RMB'000	Carrying amount 31 December 2019 RMB'000	Carrying amount 31 December 2018 RMB'000
First tranche of 2017 renewable corporate bonds	6 November 2017	5.30%	6 November	6 November 2020	2,000,000	5,660	**1,994,340**	1,994,340
First tranche of 2018 renewable corporate bonds – Category one	7–9 August 2018	4.70%	7 August	7 August 2021	1,500,000	4,322	**1,495,678**	1,495,678
First tranche of 2018 renewable corporate bonds – Category two	7–9 August 2018	5.00%	7 August	7 August 2021	500,000	1,441	**498,559**	498,559
Proceeds from issuance							**3,988,577**	3,988,577
Add: Profit attributable to the holders of renewable corporate bonds							**201,500**	144,995
Less: Distribution							**(201,500)**	(144,995)
Equity attributable to the holders of renewable corporate bonds							**3,988,577**	3,988,577

32. RENEWABLE CORPORATE BONDS (CONTINUED)

Information of the renewable corporate bonds issued by the Company is listed as above.

These renewable corporate bonds were issued at par value and were recorded as equity in the Group's financial statements, after netting off related issuance costs.

Interest of these renewable corporate bonds is recorded as distribution, which is paid annually in arrears on the Distribution Payment Date and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company, reduction of the registered capital of the Company or external equity investment in equity) have occurred.

These renewable corporate bonds have no fixed maturity dates and are callable at the Company's option in whole on the First Call Date or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions.

The applicable distribution rate will be reset, on the first call date of the first tranche of 2017 renewable corporate bonds and the first tranche of 2018 renewable corporate bonds – Category one and every three years after the first call date of the first tranche of 2017 renewable corporate bonds and the first tranche of 2018 renewable corporate bonds – Category one, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The applicable distribution rate will be reset, on the first call date of the first tranche of 2018 renewable corporate bonds – Category two and every five years after the first call date of the first tranche of 2018 renewable corporate bonds – Category two, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

For the year ended 31 December 2019, net profit attributable and distribution to holders of renewable corporate bonds based on the applicable rate, in aggregate, were RMB201,500,000 (2018: RMB144,995,000) and RMB201,500,000 (2018: RMB144,995,000), respectively.

33. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The Group enters into securitisation transactions whereby it transfers rights of receipt of electricity tariff (the "**Transferred Financial Assets**") to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors opportunities to invest in those Transferred Financial Assets and they generally finance the purchase of the Transferred Financial Assets by issuing asset-backed securities to investors.

The Group acquired certain subordinated tranches of those asset-backed securities and, accordingly, may retain portions or all of the risks and rewards of the Transferred Financial Assets. The Group would determine whether or not to derecognise the Transferred Financial Assets mainly by evaluating the extent to which it retains the risks and rewards of the Transferred Financial Assets.

During the year ended 31 December 2018, the Group transferred rights of receipt of electricity tariff of the Company's several wholly-owned subsidiaries in the coming 6 to 12 years to the structured entities, where the Group retained all of the risks and rewards of the Transferred Financial Assets, and therefore, it considers the transaction as a bond secured by the pledging of rights of receipt of electricity tariff (note 24).

Transferred financial assets that are derecognised in their entirety

(a) At 31 December 2019, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB21,655,000 (2018: RMB5,794,000) and factored certain bills receivable accepted by banks in Mainland China with a carrying amount in aggregate of RMB592,013,000 (2018: RMB16,580,000) (the "**Derecognised Bills**"). The Derecognised Bills had a maturity of one to twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

    During the year ended 31 December 2019, the Group recognised losses of RMB2,680,000 (2018: nil) on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

33. TRANSFERS OF FINANCIAL ASSETS (CONTINUED)

Transferred financial assets that are derecognised in their entirety (Continued)

(b) The Group enters into securitisation transactions whereby it transfers trade receivables on tariff premium of renewable energy (the "**Transferred Financial Assets**") to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors with opportunities to invest in those Transferred Financial Assets and they generally finance the purchase of the Transferred Financial Assets by issuing asset-backed securities to investors.

The Group provided liquidity support to the asset-backed securities and accordingly may retain portions or all of the risks and rewards of the Transferred Financial Assets. The Group determined whether or not to derecognise the Transferred Financial Assets mainly by evaluating the extent to which it retains the risks and rewards of the Transferred Financial Assets.

During the year ended 31 December 2019, the Group transferred an aggregate carrying amount of RMB611,143,000 (2018: RMB3,552,591,000) of trade receivables on tariff premium of renewable energy to some unconsolidated structured entities, which qualified for full derecognition. Hence, the Group derecognised those assets.

As a result of the above securitisation transactions, the Group recognised expenses of RMB96,706,000 (2018: RMB101,591,000) from transfers of trade receivables on tariff premium of renewable energy.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 December 2019

	Financial assets at fair value through other comprehensive income			
	Debt investments *RMB'000*	Equity investments *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Trade and bills receivables	7,707,857	–	1,807,317	9,515,174
Financial assets included in other current assets	–	–	212,378	212,378
Restricted deposits	–	–	22,484	22,484
Cash and cash equivalents	–	–	2,457,846	2,457,846
Equity investments at fair value through other comprehensive income included in other non-current assets	–	677,664	–	677,664
	7,707,857	677,664	4,500,025	12,885,546

Financial liabilities

At 31 December 2019

	Financial liabilities at amortised cost *RMB'000*
Borrowings – current	13,579,188
Trade and bills payables	1,449,140
Financial liabilities included in other payables and accruals	6,708,741
Borrowings – non-current	49,466,337
Lease liabilities – non-current	526,853
	71,730,259

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial assets

At 31 December 2018

	Financial assets at fair value through other comprehensive income			
	Debt investments *RMB'000*	Equity investments *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Trade and bills receivables	4,250,526	–	1,719,251	5,969,777
Financial assets included in other current assets	–	–	863,380	863,380
Restricted deposits	–	–	6,103	6,103
Cash and cash equivalents	–	–	3,597,841	3,597,841
Financial assets included in other non-current assets	–	–	14,657	14,657
Equity investments at fair value through other comprehensive income included in other non-current assets	–	1,087,775	–	1,087,775
	4,250,526	1,087,775	6,201,232	11,539,533

Financial liabilities

At 31 December 2018

	Financial liabilities at amortised cost *RMB'000*
Borrowings – current	10,868,084
Obligations under finance leases – current	25,810
Trade and bills payables	1,103,681
Financial liabilities in other payables and accruals	6,919,223
Borrowings – non-current	54,096,269
Obligations under finance leases – non-current	290,659
	73,303,726

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit risk, liquidity risk, interest rate risk, currency risk and equity price risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted deposits, trade and bills receivables, and financial assets included in prepayments and other current assets.

Substantially all of the Group's cash and cash equivalents as at 31 December 2019 and 2018 are deposited in the state-owned/controlled PRC banks, of which the directors assessed the credit risk to be insignificant.

The receivables from the sale of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 98% of total trade and bills receivables as at 31 December 2019 (31 December 2018: 96%). For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	–	–	9,277,531	9,277,531
Bills receivable					
– Not yet past due	252,070	–	–	–	252,070
Financial assets included in prepayments and other current assets					
– Normal**	212,378	–	–	–	212,378
– Doubtful**	–	–	201,498	–	201,498
Restricted deposits					
– Not yet past due	22,484	–	–	–	22,484
Cash and cash equivalents					
– Not yet past due	2,457,846	–	–	–	2,457,846
Financial assets included in other non-current assets					
– Doubtful**	–	–	28,731	–	28,731
	2,944,778	–	230,229	9,277,531	12,452,538

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	–	–	5,680,663	5,680,663
Bills receivable					
– Not yet past due	302,343	–	–	–	302,343
Financial assets included in prepayments and other current assets					
– Normal**	863,380	–	–	–	863,380
– Doubtful**	–	–	156,712	–	156,712
Restricted deposits					
– Not yet past due	6,103	–	–	–	6,103
Cash and cash equivalents					
– Not yet past due	3,597,841	–	–	–	3,597,841
Financial assets included in other non-current assets					
– Normal**	14,657	–	–	–	14,657
	4,784,324	–	156,712	5,680,663	10,621,699

* For trade receivables included in trade and bills receivables, to which the Group applies the simplified impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments and other current assets and financial assets included in other non–current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables, and prepayments and other current assets are set out in notes 20 and 21, respectively.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2019, the Group had unutilised banking facilities of RMB20,159,843,000 (2018: RMB21,111,364,000). The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the future working capital and expenditure requirements of the Group.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2019/12/31					
	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1–2 years *RMB'000*	2–5 years *RMB'000*	More than 5 years *RMB'000*
Long-term borrowings *(note 24(a))*	56,636,699	66,694,965	9,738,170	12,920,663	22,725,100	21,311,032
Short-term borrowings *(note 24(b))*	6,408,826	6,474,194	6,474,194	–	–	–
Lease liabilities *(note 14(c))*	625,490	735,099	125,344	123,234	292,658	193,863
Trade and bills payables *(note 26)*	1,449,140	1,449,140	1,449,140	–	–	–
Other payables and accruals	6,610,104	6,610,104	6,610,104	–	–	–
	71,730,259	81,963,502	24,396,952	13,043,897	23,017,758	21,504,895

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (Continued)

	2018/12/31					
	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1–2 years *RMB'000*	2–5 years *RMB'000*	More than 5 years *RMB'000*
Long-term borrowings *(note 24(a))*	59,424,528	69,324,899	7,856,902	11,300,392	27,598,265	22,569,340
Short-term borrowings *(note 24(b))*	5,539,825	5,631,004	5,631,004	–	–	–
Obligations under finance leases *(note 25)*	316,469	375,829	40,184	61,200	174,530	99,915
Trade and bills payables *(note 26)*	1,103,681	1,103,681	1,103,681	–	–	–
Other payables and accruals	6,919,223	6,919,223	6,919,223	–	–	–
	73,303,726	83,354,636	21,550,994	11,361,592	27,772,795	22,669,255

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings issued at variable rates which expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2019 and 2018, however, the management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest risk.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (Continued)

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The interest rate and maturity information of the Group's borrowings is disclosed in note 24.

	2019	2018
	RMB'000	*RMB'000*
Fixed rate borrowings:		
Borrowings	**23,013,344**	20,667,355
Obligations under finance leases	**–**	170,641
Lease liabilities	**421,672**	–
Financial liabilities in other payables and accruals	**79,788**	–
	23,514,804	20,837,996
Variable rate borrowings:		
Borrowings	**40,032,181**	44,296,998
Obligations under finance leases	**–**	145,828
Lease liabilities	**105,181**	–
Financial liabilities in other payables and accruals	**18,849**	–
Less: Deposits with banks and a fellow subsidiary (including restricted deposits)	**(2,478,213)**	(3,603,856)
	37,677,998	40,838,970
Total net borrowings	**61,192,802**	61,676,966

At 31 December 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and the total equity by approximately RMB313,597,000 (2018: RMB365,141,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of the reporting period.

The estimated 100 basis points' increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the years of 2019 and 2018.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk

The Group is exposed to currency risk primarily through the business which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily the Euro, United States dollar and Hong Kong dollar.

(i) Recognised assets and liabilities

Except for the operation in Spain, all of the revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in Hong Kong dollars ("**HK$**") and Euros. The directors considered that the Group's exposure to foreign currency risk is insignificant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its shareholders.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than RMB to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of the reporting period.

	2019			2018		
	US$ ***RMB'000***	**EUR** ***RMB'000***	**HK$** ***RMB'000***	US$ *RMB'000*	EUR *RMB'000*	HK$ *RMB'000*
Cash and cash equivalents	**–**	**159,613**	**49,180**	–	136,482	41,615
Other payables	**–**	**(334)**	**(1,950)**	–	(223)	(1,635)
Long-term borrowings	**–**	**–**	**–**	(127,656)	–	–
Short-term borrowings	**–**	**(281,358)**	**(349,362)**	–	(282,503)	(341,718)
Net exposure	**–**	**(122,079)**	**(302,132)**	(127,656)	(146,244)	(301,738)

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

(ii) Exposure to currency risk (Continued)

The following are US$, EUR and HK$ to RMB exchange rates during the years ended 31 December 2019 and 2018:

	Average rate		Reporting date spot rate	
	2019	2018	**2019**	2018
US$	**6.9197**	6.6987	**6.9762**	6.8632
EUR	**7.8314**	7.8248	**7.8155**	7.8473
HK$	**0.8860**	0.8561	**0.8958**	0.8762

A 5% strengthening of RMB against the following currencies as at 31 December 2019 and 2018 would have (decreased)/increased the Group's profit after tax and the total equity by the amounts shown below.

	2019 *RMB'000*	2018 *RMB'000*
US$	**–**	4,787
EUR	**4,578**	5,484
HK$	**11,330**	11,315
	15,908	21,586

A 5% weakening of RMB against the above currencies as at 31 December 2019 and 2018 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The above changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. The analysis is performed on the same basis for the years of 2019 and 2018.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as equity investments at fair value through other comprehensive income (note 18). The Group's listed investment is listed on the HKSE. Listed investment has been chosen based on its longer term growth potential and is monitored regularly for performance against expectations.

Unlisted investments are held for long-term purposes. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's exposure to equity price risk is insignificant.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs (i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date)
- Level 2 valuations: Fair value measured using Level 2 inputs (i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available)
- Level 3 valuations: Fair value measured using significant unobservable inputs

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

At 31 December 2019 and 2018, the financial instruments of the Group carried at fair value were certain trade and bills receivables, and equity investments included in other non-current assets. The fair value hierarchy of financial instruments described above is as follows:

	Fair value measurements as at 31 December 2019 categorised into			
	Carrying amount 31 December 2019 *RMB'000*	Quoted prices in active markets for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Trade and bills receivables	**7,707,857**	**–**	**7,707,857**	**–**
Equity investment in a Hong Kong listed company, at fair value through other comprehensive income	**209,946**	**209,946**	**–**	**–**
Unquoted equity investments in non-listed companies, at fair value through other comprehensive income	**467,718**	**–**	**–**	**467,718**

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Carrying amount 31 December 2018 *RMB'000*	Fair value measurements as at 31 December 2018 categorised into: Quoted prices in active markets for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Trade and bills receivables	4,250,526	–	4,250,526	–
Equity investment in a Hong Kong listed company, at fair value through other comprehensive income	211,414	211,414	–	–
Unquoted equity investments in non-listed companies, at fair value through other comprehensive income	876,361	–	–	876,361

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings ("**P/E**") multiple and price to book ("**P/B**") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group entered into securitisation transactions whereby it transferred trade receivables on tariff premium of renewable energy (the "**Transferred Financial Assets**") to unrelated third parties and derecognised the Transferred Financial Assets (note 33(b)). The Group endorsed and factored a significant part of its bills receivable in its normal course of business. The Group managed its trade and bills receivables which generated cash flows resulting from both collecting contractual cash flows and selling the financial assets during the current year. Therefore, the Group measures trade and bills receivables at fair value through other comprehensive income. The fair values of trade and bills receivables were measured using the discounted cash flow model. The model incorporates various market observable inputs, including the annualised yields of similar securitisation products and interest rate curves. The carrying amounts of trade and bills receivables are the same as their fair values.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019 and 2018:

(Amounts expressed in RMB unless otherwise stated)

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average EV/EBITDA multiple	2019: nil (2018: 4.5 to 12.4)	10% (2018: 10%) increase/decrease in multiple would result in increase/decrease in fair value by RMB40,931,000 (2018: RMB99,486,000)
		Average EV/EBIT	2019: nil (2018: 14.0)	
		Average P/B	2019: 1.1 to 1.5 (2018: 1.1 to 1.4)	
		Average P/E	2019: 8.9 (2018: 7.9)	
		Discount for lack of marketability	2019: 30% (2018: 25% to 30%)	10% (2018: 10%) increase/decrease in multiple would result in decrease/increase in fair value by RMB17,542,000 (2018: RMB31,795,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value measurement (Continued)

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019 and 2018 except for the following:

	2019		2018	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Other borrowings	**5,819,673**	**5,711,279**	6,826,691	6,581,226
Fixed rate long-term loans	**12,889,901**	**12,598,481**	12,890,705	12,845,852
Total	**18,709,574**	**18,309,760**	19,717,396	19,427,078

36. COMMITMENTS

(a) Capital commitments outstanding at the year end not provided for in the financial report were as follows:

	2019 *RMB'000*	2018 *RMB'000*
Contracted for	**10,078,282**	10,817,674

36. COMMITMENTS (CONTINUED)

(b) Operating lease commitments as at 31 December 2018

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 *RMB'000*
Within 1 year	58,161
After 1 year but within 5 years	188,568
More than 5 years	196,750
	443,479

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals.

37. CONTINGENCIES

(a) Financial guarantees issued

The Group issued the following financial guarantees to banks in respect of the bank loans granted to an associate and a joint venture:

	2019 ***RMB'000***	2018 *RMB'000*
Financial guarantees to banks for:		
– An associate	**–**	40,000
– A joint venture	**197,224**	–

Pursuant to the revision of articles of association of Huadian Jiujiang as disclosed in note 40(b), the Group lost control over Huadian Jiujiang and has accounted for it as a joint venture. The Group issued financial guarantees to banks in respect of the bank loans granted to Huadian Jiujiang amounting to RMB197,224,000, and the directors of the Company consider that a claim is probable to be made against the Group due to continuous loss-making performance of Huadian Jiujiang after. The Group does not hold any collateral or other credit enhancements over the guarantees. As a result, full provision relating to the financial guarantee as at 31 December 2019 of RMB197,224,000 has been made during the current year and included in other operating expenses.

As at 31 December 2018, the directors of the Company do not consider that a claim will probably be made against the Group under any of the guarantees.

37. CONTINGENCIES (CONTINUED)

(b) Contingent liability in respect of taxes on Clean Development Mechanism ("CDM") revenue

Up to date, there have been no rules issued on whether the revenue from sales of CERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs. Therefore, the Group has not made any provision on such contingencies.

(c) Contingent liability in respect of the resettlement compensation for Mianhuatan Hydropower

As set out in note 27(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuatan Hydropower prepaid an aggregate amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

On 18 November 2019, Mianhuatan Hydropower entered into a preliminary settlement agreement with the local government authority of Longyan, Fujian Province. Mianhuatan Hydropower agreed to raise final resettlement compensation cap to RMB700 million, which included the prepayment of RMB390 million made during the period from 2009 to 2011. The final amount of resettlement compensation and payment schedule is subject to determination of Fujian DRC. The total amounts in addition to RMB430 million recognised have been capitalised in property, plant and equipment.

Huadian has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to the Mianhuatan Project if the additional compensation the NDRC requires the Group to pay is to exceed RMB40 million.

38. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Huadian and has significant transactions and relationships with the subsidiaries of Huadian.

The principal related party transactions which were carried out in the ordinary course of business are as follows, except for those which have been set out otherwise:

	2019 *RMB'000*	2018 *RMB'000*
Purchase of power generation rights from:		
Fellow subsidiaries	**24,210**	73,146
An associate	**154,000**	–
Purchase of coal shipping services from:		
Fellow subsidiaries	**107,422**	127,831
Purchase of construction service, operation maintenance and construction materials from:		
Fellow subsidiaries	**2,096,745**	1,572,780
Associates	**8,857**	–
Office rental and property management services provided by:		
Fellow subsidiaries	**29,288**	29,434

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

	2019	2018
	RMB'000	*RMB'000*
Sale of goods and the provision of services to:		
Fellow subsidiaries	**3,833**	2,024
Associates	**76,380**	122,746
Purchases of coal from:		
Fellow subsidiaries	**2,490,557**	2,415,912
Release of loan guarantees issued for:		
An associate	**(40,000)**	25,524
Loans received from/(repaid to):		
Fellow subsidiaries	**1,293,388**	(1,375,189)
Huadian	**(1,025,477)**	–
Net deposit change in:		
Huadian Finance	**(1,200,749)**	218,614
Interest expenses paid to:		
Fellow subsidiaries	**70,568**	105,451
Huadian	**88,236**	121,669
Interest income received from:		
Huadian Finance	**9,716**	14,588
An associate	**2,066**	1,636
Transfer of equity investments through other comprehensive income to:		
A fellow subsidiary *(note 18)*	**415,916**	–
Prepayment for acquisition of a subsidiary to:		
A fellow subsidiary	**4,812**	–

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 18, 20, 21, 23, 24, 26 and 27.

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "government-related entities").

Apart from the transactions mentioned above, the Group conducts a majority of its business activities with government-related entities in the ordinary course of business. These transactions are carried out on terms similar to those that would be entered into with non-government-related entities. Transactions with other government-related entities included, but are not limited to the following:

– Sale of electricity;

– Depositing and borrowing money;

– Purchase of materials and receiving construction work services;

– Service concession arrangements.

The tariff of electricity is regulated by the relevant government authorities. The Group prices its other services and products based on commercial negotiations. The Group has also established its approval processes for the sale of electricity, purchase of products and acquiring of services and its financing policy for borrowings. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

For the year ended 31 December 2019, revenue from the sale of electricity made to the provincial power grid companies which are government-related entities accounted for 99% of the total revenue from the sale of electricity (2018: 99%). As at 31 December 2019, the trade and bills receivables due from these power grid companies accounted for 98% of the total trade and bills receivables (31 December 2018: 96%).

The Company and its subsidiaries maintained substantially all of the bank deposits in government-related financial institutions while lenders of substantially all of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

Other collectively significant transactions with government-related entities also included a large portion of equipment and material purchases, and property, plant and equipment construction services received, and the service concession arrangements.

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Salaries and other emoluments	**2,631**	2,771
Discretionary bonus	**4,226**	4,492
Retirement scheme contributions	**984**	1,080
	7,841	8,343

(e) Contributions to defined contribution retirement plans

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

(f) Commitments with related parties

	31 December 2019 ***RMB'000***	31 December 2018 *RMB'000*
Capital commitment	**1,340,959**	1,160,314
Commitment for office rental and property management fee	**86,483**	194,966

38. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions with Huadian and its subsidiaries in respect of the sale and purchase of goods, the provision and receipt of services, and the borrowing of loans, as disclosed in note 38(a), constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section "Connected transactions" of the Director's Report of the Group for the year ended 31 December 2019.

39. RETIREMENT PLANS

The Company is required to make contributions to retirement plans operated by the government at the range from 13% to 22% of the total staff salaries (2018: 14% to 22%). A member of the plan is entitled to receive from the government a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group and its staff participate in a retirement plan managed by Huadian to supplement the above mentioned plan. The Company has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

40. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Xinjiang Huaran New Energy Company Limited ("新疆華冉新能源有限公司") ("Xinjiang Huaran")

On 5 July 2019, Huadian New Energy Development Company Limited ("華電新能源發展有限公司") ("**Huadian New Energy Development**"), a subsidiary of the Group, entered into an equity transfer agreement with Mingyang Smart Energy Group Company Limited ("明陽智慧能源集團股份公司") ("**Mingyang Smart**"), pursuant to which Huadian New Energy Development agreed to sell and Mingyang Smart agreed to acquire a 67% equity interest in Xinjiang Huaran. The transfer of equity interest was completed on 15 July 2019 and a total consideration of RMB82,368,000 has been settled in cash by 31 December 2019.

40. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Disposal of Xinjiang Huaran New Energy Company Limited ("新疆華冉新能源有限公司") ("Xinjiang Huaran") (Continued)

	2019
	RMB'000
Net assets disposed of:	
Property, plant and equipment	**273,715**
Right-of-use assets	**2,292**
Other non-current assets	**24,408**
Cash and bank balances	**251**
Inventories	**632**
Trade receivables	**20,867**
Prepayments and other receivables	**105,372**
Borrowings – current	**(13,000)**
Trade payables	**(5,527)**
Accruals and other payables	**(80,050)**
Tax payable	**(7,808)**
Borrowings	**(208,000)**
Non-controlling interests	**(37,340)**
	75,812
Waive of payable or reduction of receivables	**(6,735)**
Gain on disposal of a subsidiary	**13,291**
	82,368
Satisfied by:	
Cash received	**83,168**
Other receivables	**(800)**

40. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Disposal of Xinjiang Huaran New Energy Company Limited ("新疆華冉新能源有限公司") ("Xinjiang Huaran") (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2019 *RMB'000*
Cash consideration received	**83,168**
Cash and bank balances disposed of	**(251)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**82,917**

(b) Deemed disposal of Jiangxi Huadian Jiujiang Distributed Energy Company Limited ("江西華電九江分佈式能源有限公司") ("Huadian Jiujiang")

Huadian New Energy Development, a subsidiary of the Group, had a 79.07% equity interest in Huadian Jiujiang, and Huadian Jiujiang revised its articles of association during 2019. In respect of significant financial and operating decisions, Huadian Jiujiang changed its requirement to form a resolution of board of directors from above 1/2 consent to unanimous consent, and its requirement to form a resolution of shareholders' meeting from above 2/3 consent to unanimous consent. According to the revised articles of association, the directors of the Company are of the opinion that Huadian Jiujiang is jointly controlled by the two shareholders, and therefore, the Group lost control over Huadian Jiujiang and accounted for it using the equity method accordingly.

40. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Deemed disposal of Jiangxi Huadian Jiujiang Distributed Energy Company Limited ("江西華電九江分佈式能源有限公司") ("Huadian Jiujiang") (Continued)

	2019 *RMB'000*
Net assets disposed of:	
Property, plant and equipment	**409,603**
Right-of-use assets	**11,424**
Intangible assets	**49**
Deferred tax assets	**1,735**
Inventories	**7,947**
Trade receivables	**20,104**
Prepayments and other receivables	**1,976**
Cash and bank balances	**12,167**
Borrowings-current	**(187,217)**
Trade payables	**(37,067)**
Accruals and other payables	**(3,618)**
Tax payable	**(3,495)**
Borrowings	**(185,758)**
Deferred income	**(5,109)**
Non-controlling interests	**(5,021)**
	37,720
Loss on disposal of a subsidiary	**(37,720)**
	–
Satisfied by:	
Cash	**–**

40. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Deemed disposal of Jiangxi Huadian Jiujiang Distributed Energy Company Limited ("江西華電九江分佈式能源有限公司") ("Huadian Jiujiang") (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2019 ***RMB'000***
Cash consideration	**–**
Cash and bank balances disposed of	**(12,167)**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(12,167)**

41. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Non-current assets		
Property, plant and equipment	**2,507,988**	2,477,193
Right-of-use assets	**292,136**	–
Lease prepayments	**–**	93,184
Intangible assets	**43,422**	13,320
Investments in subsidiaries	**23,947,687**	21,606,870
Interests in associates and joint ventures	**8,229,981**	7,607,470
Other non-current assets	**5,666,776**	4,796,150
Total non-current assets	**40,687,990**	36,594,187
Current assets		
Inventories	**1,283**	211
Trade and bills receivables	**22,918**	59,322
Prepayments and other current assets	**1,414,769**	2,607,076
Restricted deposits	**2,578**	3,870
Cash and cash equivalents	**66,438**	742,577
Total current assets	**1,507,986**	3,413,056
Current liabilities		
Borrowings	**4,214,571**	2,399,972
Trade and bills payables	**30,253**	37,657
Other payables and accruals	**2,427,245**	4,220,150
Deferred income	**29**	290
Total current liabilities	**6,672,098**	6,658,069
Net current liabilities	**(5,164,112)**	(3,245,013)
Total assets less current liabilities	**35,523,878**	33,349,174

41. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Non-current liabilities		
Borrowings	**5,620,189**	7,106,110
Lease liabilities	**147,912**	–
Deferred income	**1,884**	–
Deferred tax liabilities	**35,368**	43,324
Contingent liabilities	**197,224**	–
Total non-current liabilities	**6,002,577**	7,149,434
NET ASSETS	**29,521,301**	26,199,740
Equity		
Share capital	**8,407,962**	8,407,962
Reserves	**8,546,792**	8,821,936
Perpetual medium-term notes and renewable corporate bonds	**12,566,547**	8,969,842
TOTAL EQUITY	**29,521,301**	26,199,740

42. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting the application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes that the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Provision for expected credit losses on trade and bills receivable and prepayments and other current assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments and other current assets. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments and other current assets is disclosed in notes 20 and 21 to the financial statements, respectively.

42. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

(b) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, lease prepayments and intangible assets, the recoverable amount of the cash-generating units ("CGUs") to which the non-current assets were allocated needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is generally determined as the present value of the estimated future cash flows of those expected to arise from the continued use of the asset in its present form and its eventual disposal. Assessing potential impairment of the CGUs through estimations of their recoverable amounts based on value in use involved estimation of the discounted future cash flows which required significant management judgement and estimates such as future electricity sales volumes, future on-grid tariffs, future operating costs and the discount rates. This policy requires management to make these estimates and assumptions which are subject to risk and uncertainty; hence, there is a possibility that changes in circumstances will alter these projections, which may impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying values of the assets may be impaired and the impairment would be charged against profit or loss.

(c) Application of the equity method due to significant influence over an investee in which the Group holds 10% of equity interest

The Group considers that it has significant influence over Sanmen Nuclear Power Corporation Limited ("**Sanmen Power**") even though it owns 10% of equity interest in it. Since the single largest shareholder of Sanmen Power who holds 56% of shares cannot control Sanmen Power, given the fact that the resolutions of the investee's financial and operating decisions require over two-thirds of votes in the shareholders' meetings. Besides, pursuant to the articles of association of Sanmen Power, the Group has the right to participate in the policy-making process and assign a director representative on the board of directors of Sanmen Power. The Group actively monitors the operations of Sanmen Power, through the director in the supervisory committee of Sanmen Power.

(d) Derecognition of financial assets

During the year, the Group has transferred the contractual rights to the cash flows from the trade receivables on tariff premium of renewable energy to unrelated third parties through asset-back securitisation transactions. In determining whether the related trade receivables should be derecognised, the Group needs to evaluate whether the rights to the cash flows from the assets have expired, whether the Group transferred the rights to receive the cash flows from the assets, whether the Group assumed an obligation to pay the cash flows from the assets that meets certain conditions, whether the Group transferred substantially all risks and rewards, whether the Group retained substantially all risks and rewards and retained control of the financial assets and other factors. The details of the securitisation transactions are disclosed in note 33.

(Amounts expressed in RMB unless otherwise stated)

43. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2019, the directors consider the immediate parent and ultimate controlling party of the Group to be Huadian, which is a state-owned enterprise established in the PRC. Huadian does not produce financial statements available for public use.

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 issued in January 2020 amended the definition of the current liabilities and non-current liabilities. The entity's right to defer settlement of a liability for at least twelve months after the reporting period and the definition of settlement are considered when making the classification of a liability. The amendment clarifies that classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The Group expects to adopt the amendments retrospectively from 1 January 2022. The amendments are not expected to have any significant impact on the Group's financial statements.

45. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 20 March 2020, the Board of the Company proposed a final dividend. Further details are disclosed in note 30(b).

46. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 March 2020.

Definition and Glossary of Technical Terms

"Articles of Association"	the articles of association of the Company
"attributable consolidated installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"average utilization time"	the gross generation in specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"Board"	the board of Directors of the Company
"Board of Supervisors"	the board of Supervisors of the Company
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"China Fortune Trust"	China Fortune International Trust Co., Ltd.* (華鑫國際信託有限公司)
"Company", "we" or "us"	Huadian Fuxin Energy Corporation Limited
"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects
"Corporate Governance Code and Report"	the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Directors"	the director(s) of the Company
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period which equals gross power generation less consolidated auxiliary electricity
"Fuqing Nuclear"	Fujian Fuqing Nuclear Power Company Limited
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period

"Group"	Huadian Fuxin Energy Corporation Limited and its subsidiaries
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huadian"	China Huadian Corporation Ltd.
"Huadian Leasing"	Huadian Financial Leasing Co., Ltd. (華電融資租賃有限公司)，a subsidiary of Huadian
"Huadian Finance"	China Huadian Finance Corporation Ltd., a subsidiary of Huadian
"Huadian Group"	Huadian and its subsidiaries (excluding the Company and its subsidiaries)
"Huadian Overseas"	China Huadian Overseas Asset Management Co., Ltd. (中國華電海外資產管理有限公司), a wholly-owned subsidiary of Huadian
"kW"	kilowatt, a unit of power. 1 kW = 1,000 watts
"kWh"	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"MW"	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
"NDRC"	National Development and Reform Commission of the People's Republic of China

"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
"Party"	the Communist Party of China
the "PRC" or "China"	the People's Republic of China
"Reporting Period"	the period from the 1 January 2019 to 31 December 2019
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Supervisors"	the supervisor(s) of the Company
"Thirteenth Five-Year Plan"	"Thirteenth Five-Year Plan" with the full name being the Outline of the Thirteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China, and the term of the "Thirteenth Five-Year Plan" starts in 2016 and ends in 2020

Corporate Information

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

REGISTERED OFFICE

20/F, Qiantian Mansion
No. 231 Hudong Road
Gulou District
Fuzhou City
Fujian Province, the PRC

HEAD OFFICE IN THE PRC

9/F, Building B
Huadian Plaza
No. 2 Xuanwumennei Road
Xicheng District
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

MEMBERS OF THE BOARD

Executive Directors

Mr. Huang Shaoxiong *(Chairman of the Board)*
Mr. Wu Jianchun
Mr. Du Jiangwu

Non-executive Directors

Mr. Tao Yunpeng
Mr. Shi Chongguang
Mr. Wang Bangyi

Independent non-executive Directors

Mr. Zhang Bai
Mr. Tao Zhigang
Mr. Wu Yiqiang

COMMITTEES OF THE BOARD

Audit and Risk Management Committee

Mr. Zhang Bai *(Independent Non-executive Director) (Chairman)*
Mr. Tao Zhigang *(Independent Non-executive Director)*
Mr. Shi Chongguang *(Non-executive Director)*

Nomination Committee

Mr. Huang Shaoxiong *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Tao Zhigang *(Independent Non-executive Director)*
Mr. Wu Yiqiang *(Independent Non-executive Director)*

Remuneration and Assessment Committee

Mr. Wu Yiqiang *(Independent Non-executive Director) (Chairman)*
Mr. Zhang Bai *(Independent Non-executive Director)*
Mr. Du Jiangwu *(Executive Director)*

Strategic Committee

Mr. Huang Shaoxiong *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Wu Yiqiang *(Independent Non-executive Director)*
Mr. Wu Jianchun *(Executive Director)*

SUPERVISORS

Mr. Li Changxu *(Chairman of the Board of Supervisors)*
Mr. Wang Kun
Ms. Hu Xiaohong
Mr. Xu Lei
Mr. Chen Wenxin
Mr. Zhu Deyuan
Mr. Lai Jiaxing
Ms. Ding Ruiling
Mr. Guo Xiaoping

COMPANY SECRETARY

Mr. Lee Kwok Fai Kenneth

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Huang Shaoxiong

AUTHORIZED REPRESENTATIVES

Mr. Huang Shaoxiong
Mr. Lee Kwok Fai Kenneth

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong

LEGAL ADVISORS

As to Hong Kong law

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

As to PRC law

Beijing Jin Rui Law Offices
Room 45-(10)02, Floor 10
No. 45 Guangqumennei Avenue
Dongcheng District
Beijing, the PRC

PRINCIPAL BANKS

China Development Bank Corporation (Headquarters)
No. 29 Fuchengmenwai Avenue, Xicheng District
Beijing, the PRC

Agricultural Bank of China Limited (Headquarters)
No. 28 Fuxingmennei Avenue, Xicheng District
Beijing, the PRC

China Construction Bank Corporation (Fuzhou Chengbei Branch)
No. 18 Guping Road
Gulou District, Fuzhou
Fujian Province, the PRC

Industrial and Commercial Bank of China (Beijing Xinjiekou Branch)
No. 143, Xizhimennei Avenue, Xicheng District
Beijing, the PRC

China Merchants Bank Corporation Limited (Beijing Branch)
Building A, No. 156 Fuxingmennei Avenue, Xicheng District
Beijing, the PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

COMPANY'S WEBSITE

www.hdfx.com.cn

STOCK CODE

00816