



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

INTERIM REPORT | 2020



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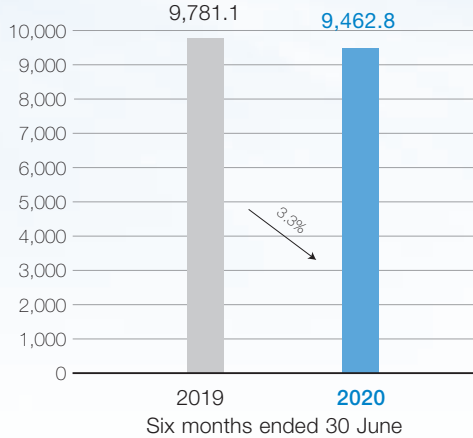


Interim Results

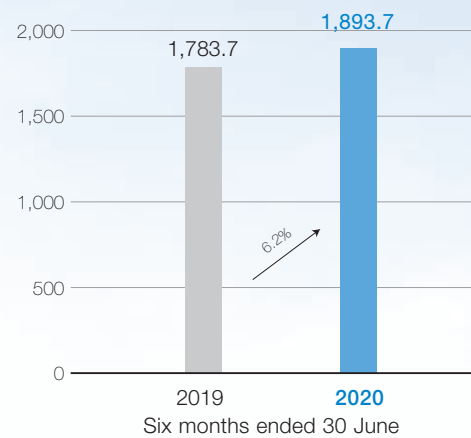
The board of directors (the “**Board**”) of Huadian Fuxin Energy Corporation Limited (the “**Company**”) hereby announces the unaudited operating results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020 (the “**reporting period**”), together with the operating results for the corresponding period of 2019 for comparison. For the six months ended 30 June 2020, the revenue of the Group amounted to RMB9,462.8 million, representing a decrease of 3.3% over the corresponding period of 2019; profit attributable to equity holders of the Company amounted to RMB1,893.7 million, representing an increase of 6.2% over the corresponding period of 2019; earnings per share amounted to RMB18.86 cents, representing an increase of 2.4% over the corresponding period of 2019; the total consolidated installed capacity of the power generating assets of the Group amounted to 17,906.7 MW, representing an increase of 9.1% over the corresponding period of 2019; and total power generation amounted to 22,799,803.6 MWh, representing a decrease of 5.2% over the corresponding period of 2019.

Key Operating and Financial Information

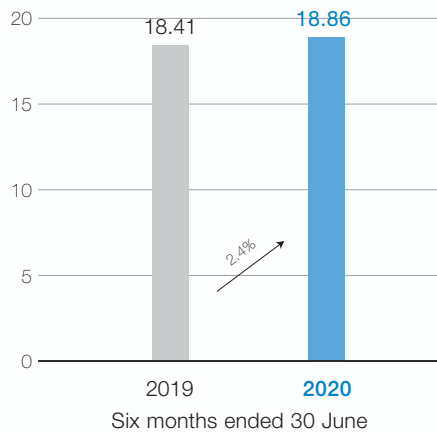
Revenue
(RMB in millions)



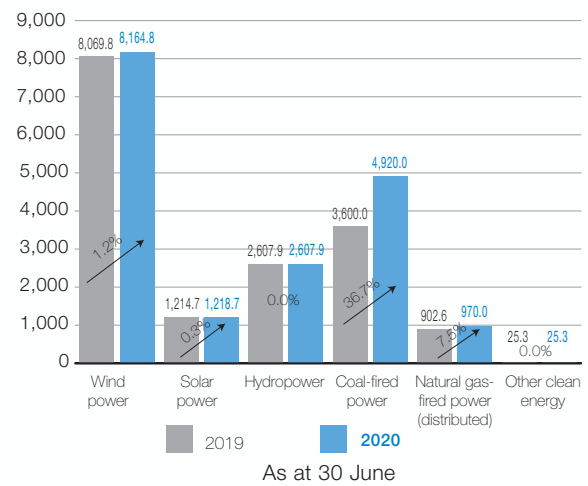
Profit attributable to equity holders of the Company
(RMB in millions)



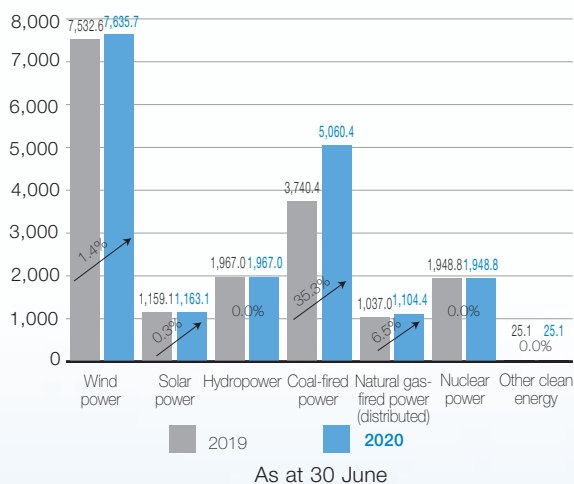
Basic and diluted earnings per share
(RMB cents/share)



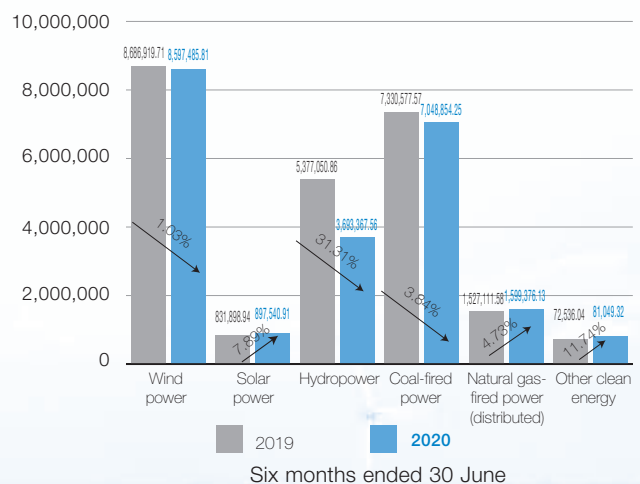
Consolidated installed capacity
(MW)



Attributable consolidated installed capacity
(MW)



Total electricity sales
(MWh)



Management Discussion and Analysis

In the first half of 2020, as affected by COVID-19 pandemic, the cumulative overall electricity consumption of the entire society amounted to 3,354.7 billion KWh, representing a decrease of 1.3% over the corresponding period of 2019. In the first half of the year, the national electricity production remained stable and the supply and demand of electricity remained balanced in general. The electricity industry adhered to the trend of green and low-carbon development, hence the proportion of installed capacity of non-fossil energy power generation continued to increase with growing non-fossil energy power generation. The utilization hours of nuclear power and solar power generation increased over the corresponding period of 2019; and the issues of wind and solar power curtailment have witnessed further improvement.

I. BUSINESS REVIEW

In the first half of 2020, the Group continued to strengthen equipment maintenance and management, and endeavored to improve generator set utilization hours and management efficiency. The new energy businesses took full advantage of various national policies on promoting the consumption of renewable energies, and made efforts to increase power generation and reduce curtailment ratio. The Group achieved a relatively large increase in solar power generation, while wind power generation basically remained at the same level as that of the corresponding period of last year despite falling average wind speed. In Fujian province, the Group leveraged the complementary advantages of its assets to fully explore the potential of coal-fired power and actively strive for power generation against the backdrop of extremely low water inflow for hydropower generation, while the utilization hours of coal-fired power ranked among the top of the province.

For the six months ended 30 June 2020, profit attributable to equity holders of the Company was RMB1,893.7 million, representing an increase of 6.2% over the corresponding period of 2019; earnings per share amounted to RMB18.86 cents, representing an increase of 2.4% over the corresponding period of 2019; the consolidated installed capacity amounted to 17,906.7 MW, representing an increase of 9.1% over the corresponding period of 2019; and total power generation amounted to 22,799,803.6 MWh, representing a decrease of 5.2% over the corresponding period of 2019.

The respective consolidated installed capacity of the power generating assets of the Group as at 30 June 2020 and 30 June 2019 by type was:

Consolidated Installed Capacity (MW)	2020	2019	Percentage Change
Wind power	8,164.8	8,069.8	1.2%
Solar power	1,218.7	1,214.7	0.3%
Hydropower	2,607.9	2,607.9	0.0%
Coal-fired power	4,920.0	3,600.0	36.7%
Natural gas-fired power (distributed)	970.0	902.6	7.5%
Other clean energy	25.3	25.3	0.0%
Total	17,906.7	16,420.3	9.1%

Management Discussion and Analysis (Continued)

The respective attributable consolidated installed capacity of the power generating assets of the Group as at 30 June 2020 and 30 June 2019 by type was:

Attributable Consolidated Installed Capacity (MW)	2020	2019	Percentage Change
Wind power	7,635.7	7,532.6	1.4%
Solar power	1,163.1	1,159.1	0.3%
Hydropower	1,967.0	1,967.0	0.0%
Coal-fired power	5,060.4	3,740.4	35.3%
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 energy	25.1	25.1	0.0%
Total	18,904.5	17,410.0	8.6%

The respective attributable gross power generation of the power generating assets of the Group for the six months ended 30 June 2020 and 30 June 2019 by type was:

Gross Power Generation (MWh)	2020	2019	Percentage Change
Wind power	8,882,876.7	8,983,336.6	-1.1%
Solar power	914,706.9	849,934.3	7.6%
Hydropower	3,752,932.0	5,456,046.8	-31.2%
Coal-fired power	7,499,095.7	7,070,129.6	6.1%
Natural gas-fired power (distributed)	1,669,143.0	1,628,286.1	2.5%
Other clean energy	81,049.3	72,536.6	11.7%
Total	22,799,803.6	24,060,270.0	-5.2%

Management Discussion and Analysis (Continued)

1. Wind power business

As at 30 June 2020, the Group had a consolidated wind power installed capacity of 8,164.8 MW, representing an increase of 1.2% over the corresponding period of 2019. During the reporting period, the Group increased consolidated installed capacity from new wind power projects by 95.0 MW, and recorded gross wind power generation of 8,882,876.7 MWh, representing a decrease of 1.1% over the corresponding period of 2019. The average wind power utilization hours was 1,085 hours, representing a decrease of 22 hours over the corresponding period of 2019. The average on-grid tariff of wind power was RMB430.15/MWh (tax exclusive), representing an increase of RMB14.40/MWh (tax exclusive) over the corresponding period of 2019.

Currently, the Group's wind power projects have a capacity of 1,887.3 MW under construction, an approved but not commenced capacity of 1,890.0 MW, and a reserve capacity of 14,519.0 MW.

2. Solar power business

As at 30 June 2020, the Group had a consolidated installed capacity of solar power generation projects in operation of 1,218.7 MW, representing an increase of 0.3% over the corresponding period of 2019.

For the six months ended 30 June 2020, the Group's gross solar power generation was 914,706.9 MWh, representing an increase of 7.6% over the corresponding period of 2019. The average on-grid tariff of solar power was RMB801.40/MWh (tax exclusive), representing a decrease of RMB9.29/MWh (tax exclusive) over the corresponding period of 2019.

3. Hydropower business

As at 30 June 2020, the Group had a consolidated hydropower installed capacity of 2,607.9 MW and a capacity under construction of 1,200.0 MW.

For the six months ended 30 June 2020, the Group recorded gross hydropower generation of 3,752,932.0 MWh, representing a decrease of 31.2% over the corresponding period of 2019; the average hydropower utilization hours was 1,440 hours, representing a decrease of 737 hours over the corresponding period of 2019; and the average on-grid tariff of hydropower was RMB284.91/MWh (tax exclusive), representing a decrease of RMB3.38/MWh (tax exclusive) over the corresponding period of 2019. In the first half of 2020, facing the unfavourable condition of extremely low water inflow and hence a significant decrease in water inflow of reservoirs, the Group meticulously maintained the equipment to improve generator set efficiency, optimized the dispatch of the reservoirs and boosted the utilization rate of water resources. As a result, the economic benefits were boosted to the utmost.

Management Discussion and Analysis (Continued)

4. Coal-fired power business

As at 30 June 2020, the Group had a consolidated coal-fired power installed capacity of 4,920.0 MW.

During the reporting period, in the case of unsatisfactory water inflow for hydropower and hence a significant decrease in hydropower generation in Fujian province, the Group actively assumed social responsibilities, continued to adjust procurement strategies, optimized blending plans, reduced coal purchase costs and optimized internal production methods to reduce coal consumption.

For the six months ended 30 June 2020, the Group recorded gross coal-fired power generation of 7,499,095.7 MWh, representing an increase of 6.1% over the corresponding period of previous year; the average coal-fired power utilization hours was 2,083 hours, representing an increase of 119 hours over the corresponding period of 2019; the coal consumption was 305.18 g/KWh, representing a decrease of 0.02 g/KWh over the corresponding period of 2019; the average on-grid tariff of coal-fired power was RMB351.42/MWh (tax exclusive), representing an increase of RMB6.89/MWh (tax exclusive) over the corresponding period of 2019; and the standard coal cost was RMB636.37/ton (tax exclusive), representing a decrease of RMB60.76/ton (tax exclusive) over the corresponding period of 2019.

5. Natural gas-fired power business and other business

As at 30 June 2020, the Group had a consolidated installed capacity of natural gas-fired power (distributed) projects of 970.0 MW in operation and 1,367.9 MW under construction. For the six months ended 30 June 2020, the gross power generation of natural gas-fired power (distributed) projects of the Group was 1,669,143.0 MWh, representing an increase of 2.5% over the corresponding period of 2019.

As at 30 June 2020, the Group held 39.0% equity interest in Fujian Fuqing Nuclear Power Co., Ltd. and 10.0% equity interest in Sanmen Nuclear Power Co., Ltd. In particular, the No.1 to No.4 generator set of Fuqing Nuclear Power were put into commercial operation, the overall progress of the No.5 and No.6 generator set under the demonstration project “Hualong One” was under control, and the No.1 and No.2 generator set of Sanmen Nuclear Power were running well.

As at 30 June 2020, we also had two biomass energy projects in operation, with a consolidated installed capacity of 25.3 MW.

Management Discussion and Analysis (Continued)

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

1. Overview

For the six months ended 30 June 2020, the Group's profit before taxation for the period increased by 0.9% to RMB2,410.6 million as compared with RMB2,390.2 million in the corresponding period of 2019; among which profit attributable to the equity holders of the Company amounted to RMB1,893.7 million, representing an increase of 6.2% as compared with RMB1,783.7 million in the corresponding period of 2019.

2. Revenue

The Group's revenue decreased by 3.3% to RMB9,462.8 million for the six months ended 30 June 2020 as compared with RMB9,781.1 million in the corresponding period of 2019.

The Group's revenue from sales of electricity decreased by 4.3% to RMB8,999.8 million for the six months ended 30 June 2020 as compared with RMB9,401.5 million in the corresponding period of 2019, which was mainly due to a decrease of 8.0% of the Group's electricity sales over the corresponding period of 2019, resulting from a decrease of hydropower electricity sales, and an increase of 4.1% in average unit price of electricity sales over the corresponding period of 2019.

The respective segment revenue of the Group and their reconciliations to the consolidated revenue for the six months ended 30 June 2020 and 2019 are as follows:

Revenue

	January to June 2020	January to June 2019	Change ratio
	RMB in millions	RMB in millions	
Wind power	3,706.6	3,615.0	2.5%
Solar power	723.5	679.0	6.6%
Hydropower	1,056.3	1,563.5	-32.4%
Coal-fired power	2,650.7	2,688.4	-1.4%
Natural gas-fired power (distributed)	1,150.0	1,143.2	0.6%
Other clean energy	88.2	81.8	7.8%
Total revenue of the reported segments	9,375.3	9,770.9	-4.0%
Service concession construction revenue	84.8	10.2	731.4%
Unallocated head office and corporate revenue	2.7	–	100.0%
Consolidated revenue	9,462.8	9,781.1	-3.3%

Management Discussion and Analysis (Continued)

3. Other income and gains

For the six months ended 30 June 2020, the Group's other income and gains increased by 35.4% to RMB167.0 million as compared with RMB123.3 million in the corresponding period of 2019, primarily due to the gains from the disposal of non-current assets by the Group.

4. Operating expenses

The Group's operating expenses decreased by 2.5% to RMB6,262.7 million for the six months ended 30 June 2020 as compared with RMB6,424.3 million in the corresponding period of 2019, which was mainly attributable to the decrease in other operating expenses.

The Group's fuel cost decreased by 3.2% to RMB2,376.1 million for six months ended 30 June 2020 as compared with RMB2,455.1 million in the corresponding period of 2019. This decrease was primarily due to the decrease of coal price in coal-fired power segment in the first half of 2020, and the increase of power generation in coal-fired power segment in the first half of 2020 as compared with the corresponding period of 2019.

The Group's depreciation and amortization expenses increased by 1.9% to RMB2,412.1 million for the six months ended 30 June 2020 as compared with RMB2,366.0 million in the corresponding period of 2019. This increase was primarily due to the commencement of operation of the Group's new generating units.

The Group's personnel costs decreased by 0.5% to RMB689.8 million for the six months ended 30 June 2020 as compared with RMB693.3 million in the corresponding period of 2019, primarily due to the exemptions of social security charges enjoyed by certain subsidiaries as a result of the COVID-19 pandemic in the first half of 2020.

The Group's repair and maintenance costs increased by 2.8% to RMB253.4 million for the six months ended 30 June 2020 as compared with RMB246.5 million in the corresponding period of 2019, primarily due to the timing differences in the plan on equipment maintenance arrangement of the Group.

The Group's other operating expenses decreased by 39.3% to RMB312.0 million for the six months ended 30 June 2020 as compared with RMB514.1 million in the corresponding period of 2019. This decrease was primarily due to the decrease in the purchase of substituted electricity resulting from the transfer of planned power generation quota of coal-fired power segment, and the decrease in outsourcing electricity as compared with the corresponding period of 2019.

Management Discussion and Analysis (Continued)

5. Operating profit

The Group's operating profit decreased by 3.2% to RMB3,367.2 million for the six months ended 30 June 2020 as compared with RMB3,480.0 million in the corresponding period of 2019. This was primarily due to the decrease of 45.0% of operating profit in hydropower segment resulting from the significant decrease of electricity sales as compared with the corresponding period, and was partially offset by the operating profit increase of 91.2% in coal-fired power segment resulting from the increase of power generation, the decrease in coal prices and the decrease in the purchase of substituted electricity benefiting from the transfer of planned power generation quota. The respective segment operating profit of the Group and their reconciliations to the consolidated operating profit for the six months ended 30 June 2020 and 2019 are as follows:

Operating Profit

	January to June 2020	January to June 2019	Change ratio
	RMB in millions	RMB in millions	
Wind power	2,041.6	1,997.6	2.2%
Solar power	415.1	396.8	4.6%
Hydropower	464.0	844.4	-45.0%
Coal-fired power	413.2	216.1	91.2%
Natural gas-fired power (distributed)	107.0	106.9	0.1%
Others	18.7	-0.3	—
Reportable segment profit	3,459.6	3,561.5	-2.9%
Unallocated head office and corporate revenue	2.7	—	100%
Unallocated head office and corporate expenses	-95.1	-81.5	16.7%
Consolidated operating profit	3,367.2	3,480.0	-3.2%

6. Finance income

The Group's finance income decreased by 51.4% to RMB23.9 million for the six months ended 30 June 2020 as compared with RMB49.2 million in the corresponding period of 2019. This decrease was primarily due to the disposal of certain equity investments measured at fair value with changes included in other comprehensive income in the second half of 2019, and a decrease of dividend income from January to June of 2020 as compared with the corresponding period of 2019.

Management Discussion and Analysis (Continued)

7. Finance expenses

The Group's finance expenses decreased by 13.3% to RMB1,247.2 million for the six months ended 30 June 2020 as compared with RMB1,438.1 million in the corresponding period of 2019. This decrease was primarily due to the decrease in bank borrowings of the Group's operating projects and the decrease in financing interest rates 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 10.9% to RMB266.7 million for the six months ended 30 June 2020 as compared with that of RMB299.2 million in the corresponding period of 2019. The decrease was primarily due to a decrease in the net profit of Fuqing Nuclear, an associate of the Group, resulting from an increase in operating costs for the period as compared with the corresponding period of 2019, together with an increase in the net profit of Sanmen Nuclear Power for the period as compared with the corresponding period of 2019.

9. Income tax

The Group's income tax increased by 5.1% to RMB375.1 million for the six months ended 30 June 2020 as compared with RMB357.0 million in the corresponding period of 2019. This increase was primarily due to an increase in income tax expenses of the wind power segment, coal-fired power segment and solar power segment for the six months ended 30 June 2020, and was partially offset by a decrease in income tax expenses of the hydropower segment.

10. Profit for the period

The Group's profit for the period increased by 0.1% to RMB2,035.5 million for the six months ended 30 June 2020 as compared with RMB2,033.2 million in the corresponding period of 2019. This increase was primarily due to the substantial increase of profit in the coal-fired power segment for six months ended 30 June 2020, and the decrease of finance expenses, as compared with the corresponding period of 2019, partially offset by the decrease of profit in the hydropower segment as compared with the corresponding period of 2019. The profit, as a percentage over the total revenue, increased to 21.5% for the six months ended 30 June 2020 from 20.8% in the corresponding period of 2019.

11. Profit attributable to the equity holders of the Company

For the six months ended 30 June 2020, the profit attributable to the equity holders of the Company was RMB1,893.7 million, increased by 6.2% as compared with RMB1,783.7 million for the corresponding period of 2019. The increase was mainly due to the decrease of profit from the hydropower segment in which the non-controlling shareholders of the Group have a relatively large proportion of equity as compared with the corresponding period of previous year.

Management Discussion and Analysis (Continued)

12. Profit attributable to non-controlling interests

The Group's profit attributable to non-controlling interests decreased by 43.2% to RMB141.7 million for the six months ended 30 June 2020 as compared with RMB249.5 million in the corresponding period of 2019. This decrease was primarily due to the substantial decrease in profit generated from hydropower segment in which the non-controlling shareholders have a relatively large proportion of equity as compared with the corresponding period of 2019 and the period-on-period decrease in profit and loss.

13. Liquidity and sources of capital

The Group's balance of cash and cash equivalents amounted to RMB4,600.2 million as at 30 June 2020, representing an increase of 87.2% as compared with the balance of RMB2,457.8 million as at 31 December 2019.

As at 30 June 2020, the Group's borrowings increased by 3.5% to RMB65,269.0 million as compared with RMB63,045.5 million as at 31 December 2019, of which RMB15,358.4 million was short-term borrowings (including current portion of long-term borrowings and bonds payable) and RMB49,910.6 million was long-term borrowings (including bonds payable).

14. Capital expenditure

The Group's capital expenditure increased by 86.1% to RMB3,504.2 million for the six months ended 30 June 2020 as compared with RMB1,882.8 million in the corresponding period of 2019. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment, and the capital injection into associates. The change was primarily due to the increase in capital expenditure for large infrastructure projects in the first half of 2020.

15. Net gearing ratio

As at 30 June 2020, the Group's net gearing ratio (net debt (i.e., total borrowings minus cash and cash equivalents) divided by total equity) was 142.7%, representing a decrease of 15.3 percentage points as compared with 158.0% as at 31 December 2019, mainly due to the Group's recognition of net profit of RMB2,035.5 million in the first half of 2020, and the equity increase as a result of the issuance of renewable corporate bonds by the Group in the first half of 2020, while there was no significant change in the size of net debt.

16. Material acquisitions and disposals

The Group did not have any material acquisitions and disposals in the first half of 2020.

Management Discussion and Analysis (Continued)

17. Material investment

The Group did not have any material investment in the first half of 2020.

18. Material investment/Capital assets purchase plan

The Group did not have any material investment/capital assets purchase plan in the following year.

19. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment, right-of-use assets, and the right to collect electricity tariffs. As at 30 June 2020, total net carrying value of the pledged assets amounted to RMB16,830.1 million.

20. Contingencies

As at 30 June 2020, the Group's contingencies included the financial guarantee provided by the Group to a joint venture, contingent liability in respect of taxes on Clean Development Mechanism revenue and the contingent liability in respect of the resettlement compensation for Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) ("Mianhuatan Hydropower").

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

The development and profitability of our clean energy projects are significantly dependent on the policies and regulations that support such development in the PRC. As the power system reform goes deeper, and power marketization continues to scale up, the share of market-driven power generation, including renewable energy, will increase and the market-driven competition will further intensify, which may weaken our profitability. Additionally, projects on the subsidy catalog will continue to face problems, such as continuously rising arrearages and sluggish settlement of electricity tariffs. In the future, tariff of electricity generated from additional renewable energy projects is highly likely to be lowered stepwise, which poses uncertainties to our revenue. The gross power generation and revenue of our hydropower projects rely upon 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 of our hydropower projects. The gross power generation and revenue generated from our wind power business and projects are highly dependent on wind 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 and the change in the price are essential to our natural gas-fired power (distributed) business.

Management Discussion and Analysis (Continued)

2. Competition risk

We may encounter competition from utility companies which are mainly engaged in other clean energy businesses. In particular, other clean energy technologies may become more competitive and appealing. Competition from such companies may become intense if the technology used to generate electricity from these other clean energy resources becomes more sophisticated, or if the PRC government decides to bolster its support of such other clean energy resources.

3. Risk related to power grid

Although the wind and solar power curtailment ratio in most areas has declined significantly, the planning and construction of power grids in some areas still lag behind the development layout of wind and solar power with insufficient absorption capacity, so the wind and solar power curtailment is inevitable in the short run. If the power transmission capacity of the power grid is insufficient, it is difficult for the power grid to transmit all the power generated by the wind and solar power equipment when they are operating at full load. That may reduce the total power generation of the Group as well. In view of this, the Group flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

4. Exchange rate risk

The Group's transactions are mainly denominated in RMB, Hong Kong dollar, Euro and United States dollar. Therefore, the Group is exposed to foreign currency exchange risk. Given the small proportion of foreign currency loans, the Group 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 Group.

IV. PROSPECT AND OUTLOOK

Following Xi Jinping's thoughts on socialism with Chinese characteristics for a new era, the Group has resolutely implemented the basic theories, basic lines and basic strategies of the CPC, and further promoted the new energy security strategy of "Four revolutions & One cooperation" to promote the energy supply-side structural reforms and build a clean, low-carbon, safe and efficient energy system in accordance with the fundamentals of high-quality development. Heading for the vision of creating a world-class clean energy enterprise with global competitiveness, the Group vigorously improves clean energy structure, optimizes energy production layout, and accelerates the increase in the proportion of renewable energy such as hydropower, wind power, solar power and biomass energy to highlight the development advantages of clean energy and promote the high-quality development.

Firstly, focus on planning. The Company will determinedly implement the new development concept of innovation, coordination, green, openness and sharing, and the overall requirements from the new energy security strategy of "Four revolutions & One cooperation". With high-quality development as the theme, and supply-side structural reform as the main line, the Company will comprehensively summarize the implementation of the "13th Five-Year Plan" and objectively analyze the internal and external situations in the development, in order to scientifically formulate the "14th Five-Year Plan" to make a layout for the Company's high-quality development.

Management Discussion and Analysis (Continued)

Secondly, guarantee the electricity tariff. In 2020, the Company's price-guaranteed wind power projects under construction on land will be fully put into operation. The Company will actively contact with major domestic equipment manufacturers and give full play to its overall advantages to actively respond to issues such as insufficient supply of mainframe equipment caused by the rush to install. The Company will carry out the on-site construction of the Fuqing Haitan Strait wind power project in a safe and high-quality manner, and strive to commence as soon as possible the offshore wind power projects of Yuhuan, Zhejiang Province and Yangjiang, Guangdong Province, in order to speed up the construction progress of offshore wind power projects.

Thirdly, promote the implementation. The Company will actively develop new energy and give priority to meeting the investment needs of wind power projects that can be put into operation on schedule, collect electricity tariffs and ensure the expected returns. The internal management mechanism for the "Headquarters-to-Headquarters" cooperative development projects of the listed company will be established and improved, the signed strategic cooperation agreements of the Company will be actively followed up, and the cooperation methods will be further implemented to accelerate the construction of water and solar complementary clean energy bases in the southwest region.

Fourthly, supervise strictly. The Company will continue to follow up the construction of key projects. Holding the first 9H heavy-duty gas turbine in China, Zengcheng project will strive to achieve high-quality and full-capacity operation to promote the overall efficiency of the Company's natural gas-fired power segment. The guidance and coordination of key projects under construction, such as pumping and storage project and wind power on land in Zhouning, Fujian Province, will be further strengthened to ensure that the construction progress and resource allocation are balanced, orderly, scientifically and rationally, and to further increase the proportion of clean energy installed capacity of the Company.

Fifthly, pursue the breakthrough. The Company will actively obtain wind and solar power resources through competitive allocation and extensive cooperation, especially to achieve new breakthroughs in the locally mounted and scaled development of offshore wind power as well as wind and solar power on land, and strive to reserve high-quality projects in Inner Mongolia and Gansu Province, etc.. It will also actively study policies and focus on the application of new technologies such as energy storage and solar heat, garbage and tidal (stream) power generation to obtain investment opportunities.

Sixthly, seek the innovation. The Company will further exert its professional level of investment decision-making in new energy projects, development and construction experience, ability to prevent investment risks and research capability in policies and professional technologies. The management innovation subjects' research will be strengthened while wind and solar power investment information platform and the team of new energy experts will be established to continuously improve the market competitiveness of new energy projects.

Seventhly, create a first-class enterprise. In accordance with the decision and deployment of creating a world-class enterprise, the Company will research and formulate the "Implementation Plan for Creating a World-Class Characteristic Energy Enterprise", firmly designate the responsibilities for the creation, strengthen the publicity and guidance, regularly summarize and improve, accelerate structural adjustment, and optimize development layout to achieve more milestones indicating its development strategy and finally establish a world-class clean energy company.

The Company has been committed to ever improving its corporate governance and regarded it as an indispensable part of creating values for shareholders. The Company has established a modern corporate governance structure which comprises effectively balanced and independently operated bodies including general meetings, the Board, the Board of Supervisors and senior management with reference to the code provisions as set out in the Corporate Governance Code and the requirements as set out in the Articles of Association. The Company has also adopted the Corporate Governance Code as its code of corporate governance practices.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the reporting period, the Company was in compliance with all the code provisions in the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as the code of conduct governing dealings by all of the Directors, Supervisors and relevant employees (as defined in the Corporate Governance Code) in the securities of the Company. Having made specific enquiry of the Directors and Supervisors, all Directors and Supervisors have confirmed that they have strictly complied with the required standards regarding securities transactions by Directors as set out in the Model Code and its code of conduct during the reporting period.

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

RESPONSIBILITY STATEMENT BY THE DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

The Directors confirmed that they shall assume the relevant responsibility in relation to the preparation of the financial statements of the Company, ensuring that the preparation of the financial statements of the Company complies with the relevant laws and regulations and the applicable accounting standards and also warranting that the financial statements of the Company will be published in a timely manner.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or appropriate accounting or related financial management expertise in accordance with the requirements of the Listing Rules. The Company appointed a total of three independent non-executive Directors, namely Mr. Zhang Bai, Mr. Tao Zhigang and Mr. Wu Yiqiang.

Corporate Governance (Continued)

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established the audit and risk management committee with written terms of reference in compliance with requirements of 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 respect 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 advice for the integrity and soundness of the relevant systems of the Company; to monitor the Company's internal control and risk management systems, and study the findings of any major investigations in relation to risk management and 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 systems, and to provide advice and recommendations on the soundness and completeness of such systems; and to make comments and proposals on the appraisal and replacement of the head of the internal audit department of the Company. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the reporting period, the audit and risk management committee consisted of three Directors: Mr. Zhang Bai (independent non-executive Director), Mr. Tao Zhigang (independent non-executive Director) and Mr. Shi Chongguang (non-executive Director). Mr. Zhang Bai (independent non-executive Director) serves as the chairman of the audit and risk management committee.

On 20 March 2020, the Company held the sixth meeting of the audit and risk management committee of the third session of the Board, at which the report from the external auditor in respect of the auditing of the Company's financial statements for the year ended 31 December 2019 was deliberated, and the following resolutions were considered and approved:

- (1) the resolution in relation to the annual report and annual results announcement of the Company for 2019;
- (2) the resolution in relation to the final accounts of the Company for 2019;
- (3) the resolution in relation to the audited financial statements of the Company for 2019;
- (4) the resolution in relation to the profit distribution plan of the Company for 2019; and
- (5) the resolution in relation to the engagement of auditing firm for the financial report for 2020.

On 28 August 2020, the audit and risk management committee reviewed and confirmed the Group's interim results announcement for the six months ended 30 June 2020, the 2020 interim report and the unaudited interim financial statements for the six months ended 30 June 2020 prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* ("IFR").

Corporate Governance (Continued)

NOMINATION COMMITTEE

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

During the reporting period, the nomination committee consisted of three Directors: Mr. Huang Shaoxiong (executive Director), Mr. Wu Yiqiang (independent non-executive Director) and Mr. Tao Zhigang (independent non-executive Director). Mr. Huang Shaoxiong (executive Director) serves as the chairman of the nomination committee.

REMUNERATION AND ASSESSMENT COMMITTEE

The Company has established the remuneration and assessment committee with written terms of reference in compliance with the requirements of 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 level of comparable positions of comparable enterprises; to review the fulfillment of obligations by 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; and to ensure that no Directors or any of their associates determine their own remunerations. 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 both of the websites of the Hong Kong Stock Exchange and the Company.

During the reporting period, the remuneration and assessment committee consisted of three Directors: Mr. Wu Yiqiang (independent non-executive Director), Mr. Zhang Bai (independent non-executive Director) and Mr. Du Jiangwu (executive Director). Mr. Wu Yiqiang (independent non-executive Director) serves as the chairman of the remuneration and assessment committee.

On 20 March 2020, the Company held the third meeting of the remuneration and assessment committee of the third session of the Board, at which the following resolutions were considered and approved:

- (1) the resolution in relation to the remunerations of the Directors and Supervisors of the Company for 2019; and
- (2) the resolution in relation to the remunerations of the senior management of the Company for 2019.

Corporate Governance (Continued)

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 are subject to the approval of the Board pursuant to the requirements of the Articles of Association and make suggestions thereon; to review the material capital operation and assets operation projects which are subject to the approval of the Board pursuant to the requirements of the Articles of Association and make suggestions thereon and follow up on the implementation of the aforesaid matters.

During the reporting period, the strategic committee consisted of three Directors: Mr. Huang Shaoxiong (executive Director), Mr. Wu Jianchun (executive Director) and Mr. Wu Yiqiang (independent non-executive Director). Mr. Huang Shaoxiong (executive Director) serves as the chairman of the strategic committee.

On 20 March 2020, the Company held the third meeting of the strategic committee of the third session of the Board, at which the following resolutions and reports were considered and approved:

- (1) the resolution in relation to the grant of the general mandate to issue new domestic shares and H shares of the Company to the Board at the general meeting;
- (2) the resolution in relation to the general mandate to issue the domestic and overseas debt financing instruments by the Company;
- (3) the resolution in relation to the banking credit facility to the Company for 2020;
- (4) the financial budget report of the Company for 2020; and
- (5) the project development report of the Company for 2020.

SHARE CAPITAL

As at 30 June 2020, the total share capital of the Company was RMB8,407,961,520, divided into 8,407,961,520 shares of RMB1.0 each (among which, 5,837,738,400 shares were domestic shares and 2,570,223,120 shares were H shares).

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

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

As at 30 June 2020, none of the Directors, Supervisors and 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.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2020, 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 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 interests or short positions which shall be disclosed to the Company:

Name of Shareholder	Class of Share	Capacity	Number of Shares/Underlying Shares Held (share)	Percentage in the Relevant Class of Share (%)	Percentage in the Total Share Capital (%)
Huadian Group ⁽¹⁾	Domestic Shares	Beneficial owner/Interest of corporation controlled by a substantial shareholder	5,276,907,638 (Long Position)	90.39	62.76
Central Huijin Investment Ltd.	H Shares	Interest of corporation controlled by a 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
UBS Group AG	H Shares	Interest of corporation controlled by a substantial shareholder	434,097,074 (Long Position)	16.89	5.16
Pentwater Capital Management LP	H Shares	Interest of corporation controlled by a substantial shareholder	254,657,814 (Long Position)	9.91	3.03
JPMorgan Chase & Co.	H Shares	Person having a security interest in the Shares/ Interest of corporation controlled by a substantial shareholder/Approved lending agent	144,245,797 (Long Position)	5.61	1.72
		Interest of corporation controlled by a substantial shareholder	27,765,502 (Short position)	1.08	0.33
		Approved lending agent	1,605,798 (Lending pool)	0.06	0.02

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.

Other Information (Continued)

CHANGE OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SPECIAL COMMITTEES OF THE BOARD

The terms of the third session of the Board and the Board of Supervisors of the Company have expired on the date of the 2019 annual general meeting. As the nomination of relevant candidates for Directors and Supervisors for the new session has not been completed, in order to maintain the continuity of the work of the Board and the Board of Supervisors, the election of the new session of the Board and the Board of Supervisors will be postponed until a new session of the Board and the Board of Supervisors are approved by the shareholders of the Company at a general meeting in accordance with the Articles of Association. Meanwhile, the terms of the special committees of the third session of the Board and the senior management of the Company will be correspondingly extended.

The members of the third session of the Board and the Board of Supervisors as well as senior management of the Company will continue to perform their respective responsibilities in accordance with the Company Law of the People's Republic of China, the Listing Rules and the Articles of Association until the aforementioned election is completed.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 9,045 employees. The employee remuneration of the Group comprises basic salary and bonus payment, the latter of which is determined with reference to the operating results of the Group and results of performance assessment.

MATERIAL LITIGATION

During the reporting period, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware of, no material litigation or claims are pending or threatened against the Company.

Independent Review Report



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

INTRODUCTION

We have reviewed the interim financial information set out on pages 24 to 78, which comprises the condensed consolidated statement of financial position of Huadian Fuxin Energy Corporation Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2020 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

28 August 2020

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

For the six months ended 30 June 2020
(Amounts expressed in Renminbi ("RMB"))

	Notes	For the six months ended 30 June	
		2020 RMB' 000	2019 RMB' 000
Revenue	4	9,462,842	9,781,075
Other income and gains	5	167,002	123,265
Operating expenses			
Cost of fuel		(2,376,124)	(2,455,069)
Depreciation and amortisation		(2,412,115)	(2,365,967)
Service concession construction costs		(84,833)	(10,206)
Personnel costs		(689,750)	(693,273)
Repairs and maintenance		(253,429)	(246,514)
Administration expenses		(134,463)	(139,204)
Other operating expenses		(311,959)	(514,107)
		(6,262,673)	(6,424,340)
Operating profit		3,367,171	3,480,000
Finance income	6	23,861	49,211
Finance expenses	6	(1,247,174)	(1,438,138)
Net finance expenses		(1,223,313)	(1,388,927)
Share of profits less losses of associates and joint ventures		266,698	299,150
Profit before taxation	7	2,410,556	2,390,223
Income tax expense	8	(375,093)	(357,008)
Profit for the period		2,035,463	2,033,215
Attributable to:			
Equity holders of the Company		1,893,737	1,783,737
Non-controlling interests		141,726	249,478
		2,035,463	2,033,215
Basic and diluted earnings per ordinary share (RMB cents)	9	18.86	18.41

The notes on pages 31 to 78 form part of this interim condensed consolidated financial information.

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

For the six months ended 30 June 2020
(Amounts expressed in RMB)

	For the six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Profit for the period	2,035,463	2,033,215
Other comprehensive income		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange difference on translation of foreign operations	2,315	(2,405)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	(95,612)	673
Other comprehensive loss for the period	(93,297)	(1,732)
Total comprehensive income for the period	1,942,166	2,031,483
Attributable to:		
Equity holders of the Company	1,800,440	1,782,005
Non-controlling interests	141,726	249,478
	1,942,166	2,031,483

The notes on pages 31 to 78 form part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020
(Amounts expressed in RMB)

	Notes	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Non-current assets			
Property, plant and equipment	11	82,549,763	81,928,864
Right-of-use assets		2,290,166	2,325,177
Intangible assets	12	1,695,735	1,641,426
Interests in associates and joint ventures		9,901,903	10,066,458
Other non-current assets	13	2,116,264	2,327,395
Deferred tax assets		348,908	362,511
Total non-current assets		98,902,739	89,651,831
Current assets			
Inventories		418,110	281,242
Trade and bills receivables	14	13,269,584	9,515,174
Prepayments and other current assets	15	1,118,714	1,280,890
Tax recoverable		1,176	1,176
Restricted deposits		18,536	22,484
Cash and cash equivalents	16	4,600,240	2,457,846
Total current assets		19,426,360	13,558,812
Current liabilities			
Borrowings	17(b)	15,358,361	13,579,188
Trade and bills payables	18	1,351,405	1,449,140
Other payables and accruals	19	6,861,375	7,037,475
Deferred income		38,091	53,256
Tax payable		195,948	155,450
Total current liabilities		23,805,180	22,274,509
Net current liabilities		(4,378,820)	(8,715,697)
Total assets less current liabilities		94,523,919	89,936,134

The notes on pages 31 to 78 form part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2020
(Amounts expressed in RMB)

	Notes	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Non-current liabilities			
Borrowings	17(a)	49,910,649	49,466,337
Lease liabilities		521,946	526,853
Deferred income		434,582	416,770
Deferred tax liabilities		964,580	977,610
Provision		179,732	197,224
Total non-current liabilities		52,011,489	51,584,794
NET ASSETS			
		42,512,430	38,351,340
EQUITY			
Share capital	20	8,407,962	8,407,962
Reserves		15,131,724	14,086,173
Perpetual medium-term notes and renewable corporate bonds	21, 22	15,572,075	12,566,547
Total equity attributable to equity holders of the Company		39,111,761	35,060,682
Non-controlling interests		3,400,669	3,290,658
TOTAL EQUITY		42,512,430	38,351,340

Huang Shaoxiong
Chairman

Wu Jianchun
Director

The notes on pages 31 to 78 form part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020
(Amounts expressed in RMB)

	Attributable to the equity holders of the Company									
	Share capital RMB' 000 Note 20(b)	Capital reserve RMB' 000	Reserve fund RMB' 000	Exchange reserve RMB' 000	Fair value reserve of financial assets at fair value through other comprehensive income 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
At 1 January 2019 (audited)	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
Changes in equity for the six months ended 30 June 2019:										
Profit for the period	-	-	-	-	-	1,547,993	235,744	1,783,737	249,478	2,033,215
Other comprehensive (loss)/income	-	-	-	(2,405)	673	-	-	(1,732)	-	(1,732)
Total comprehensive income	-	-	-	(2,405)	673	1,547,993	235,744	1,782,005	249,478	2,031,483
Dividends paid by subsidiaries to non-controlling equity holders	-	-	-	-	-	-	-	-	(37,465)	(37,465)
Final dividend of 2018 (note 20(a))	-	-	-	-	-	(477,572)	-	(477,572)	-	(477,572)
Distribution for perpetual medium-term notes and renewable corporate bonds	-	-	-	-	-	-	(235,744)	(235,744)	-	(235,744)
Share of changes in equity of associates	-	4,858	-	-	-	-	-	4,858	-	4,858
Issuance of perpetual medium-term notes, net of issuance expenses	-	-	-	-	-	-	1,991,611	1,991,611	-	1,991,611
Capital contributions	-	-	-	-	-	-	-	-	40,508	40,508
Others	-	-	-	-	-	(542)	-	(542)	-	(542)
At 30 June 2019 (unaudited)	8,407,962	1,775,382	998,316	35,660	83,001	10,858,225	10,961,453	33,119,999	3,299,045	36,419,044

The notes on pages 31 to 78 form part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2020
(Amounts expressed in RMB)

	Attributable to the equity holders of the Company									
	Share capital RMB' 000 Note 20(b)	Capital reserve RMB' 000	Reserve fund RMB' 000	Exchange reserve RMB' 000	Fair value reserve of financial assets at fair value through other comprehensive income RMB' 000	Retained earnings RMB' 000	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds RMB' 000 Notes 21, 22	Subtotal RMB' 000	Non-controlling interests RMB' 000	Total equity RMB' 000
At 1 January 2020 (audited)	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
Changes in equity for the six months ended 30 June 2020:										
Profit for the period	-	-	-	-	-	1,585,555	308,182	1,893,737	141,726	2,035,463
Other comprehensive income/(loss)	-	-	-	2,315	(95,612)	-	-	(93,297)	-	(93,297)
Total comprehensive income	-	-	-	2,315	(95,612)	1,585,555	308,182	1,800,440	141,726	1,942,166
Dividends paid by subsidiaries to non-controlling equity holders	-	-	-	-	-	-	-	-	(36,681)	(36,681)
Final dividend of 2019 (note 20(a))	-	-	-	-	-	(454,030)	-	(454,030)	-	(454,030)
Distribution for perpetual medium-term notes and renewable corporate bonds (notes 21, 22)	-	-	-	-	-	-	(308,182)	(308,182)	-	(308,182)
Redemption of perpetual medium-term notes (note 21)	-	(6,000)	-	-	-	-	(1,994,000)	(2,000,000)	-	(2,000,000)
Issuance of renewable corporate bonds, net of issuance expenses (note 22)	-	-	-	-	-	-	4,999,528	4,999,528	-	4,999,528
Capital contributions	-	-	-	-	-	-	-	-	4,966	4,966
Share of changes in equity of associates	-	13,323	-	-	-	-	-	13,323	-	13,323
At 30 June 2020 (unaudited)	8,407,962	1,776,054*	1,114,421*	39,704*	(136,643)*	12,338,188*	15,572,075	39,111,761	3,400,669	42,512,430

* These reserve accounts comprise the consolidated reserves of RMB15,131,724,000 (six months ended 30 June 2019: RMB13,750,584,000) in the interim condensed consolidated statement of financial position.

The notes on pages 31 to 78 form part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020
(Amounts expressed in RMB)

	Note	For the six months ended 30 June	
		2020 RMB' 000	2019 RMB' 000
Operating activities			
Cash generated from operations		1,606,598	3,799,078
Income tax paid		(316,187)	(210,545)
Net cash generated from operating activities		1,290,411	3,588,533
Investing activities			
Payment for the purchase of property, plant and equipment, right-of-use assets and intangible assets		(3,188,015)	(1,460,285)
Other cash flows arising from investing activities		505,063	473,466
Net cash used in investing activities		(2,682,952)	(986,819)
Financing activities			
Net proceeds from issuance of renewable corporate bonds		4,999,528	1,991,611
Redemption of the perpetual medium-term notes		(2,000,000)	–
Proceeds from borrowings		17,038,584	9,845,066
Repayment of borrowings		(14,830,138)	(13,588,928)
Payments of principal of lease liabilities		(58,068)	(41,247)
Interest paid		(1,398,619)	(1,438,117)
Other cash used in financing activities		(213,362)	(169,391)
Net cash generated/(used in) from financing activities		3,537,925	(3,401,006)
Net increase/(decrease) in cash and cash equivalents		2,145,384	(799,292)
Cash and cash equivalents at 1 January		2,457,846	3,597,841
Effect of foreign exchange rate changes, net		(2,990)	(264)
Cash and cash equivalents at 30 June	16	4,600,240	2,798,285
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		4,600,240	2,798,034
Cash and bank balance classified as held for sale		–	251
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		4,600,240	2,798,285

The notes on pages 31 to 78 form part of this interim condensed consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2020

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.

At 30 June 2020, the directors consider the immediate parent and ultimate controlling party of the Group to be China Huadian Corporation Ltd. (“Huadian”), which is a state-owned enterprise established in the PRC.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information has been prepared assuming the Group will continue as a going concern notwithstanding the fact that the Group had net current liabilities as at 30 June 2020 amounting to RMB4,378,820,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows of the Group and the availability of unutilised banking facilities of RMB21,558,540,000 as at 30 June 2020, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements within the next twelve months.

The preparation of interim condensed consolidated financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim condensed consolidated financial information contains condensed consolidated financial statements and selected explanatory notes and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The interim condensed consolidated financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IFRS 16	<i>COVID-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and impact of the revised IFRSs are described below:

- (a) 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 has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) 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 did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. During the period ended 30 June 2020, the Group had no material rent concessions granted by the lessors. Therefore the amendments did not have any impact on the Group's interim condensed consolidated financial information.
- (d) 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. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Revenue from contracts with customers		
Sale of electricity	8,999,774	9,401,497
Service concession construction revenue (note (i))	84,833	10,206
Sale of steam	320,541	314,351
Others	49,601	48,347
	9,454,749	9,774,401
Revenue from other sources		
Rental income from operating leases, fixed lease payments	8,093	6,674
Total	9,462,842	9,781,075

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 period 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 sale of electricity during the concession period. 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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

4. REVENUE (CONTINUED)

(i) Disaggregated revenue information

Revenue from contracts with customers for the six months ended 30 June 2020

	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	3,698,243	719,286	1,052,291	2,477,092	999,068	53,794	-	8,999,774
Service concession								
construction revenue	84,833	-	-	-	-	-	-	84,833
Sale of steam	-	-	-	138,770	147,339	34,432	-	320,541
Others	3,562	4,057	1,793	34,053	3,398	6	2,732	49,601
Total	3,786,638	723,343	1,054,084	2,649,915	1,149,805	88,232	2,732	9,454,749
Geographic markets								
Mainland China	3,768,780	723,343	1,054,084	2,649,915	1,149,805	88,232	2,732	9,436,891
Spain	17,858	-	-	-	-	-	-	17,858
Total	3,786,638	723,343	1,054,084	2,649,915	1,149,805	88,232	2,732	9,454,749
Timing of revenue recognition								
Goods transferred at a								
point in time	3,700,274	719,522	1,052,553	2,649,619	1,149,352	88,226	2,732	9,362,278
Services transferred over time	86,364	3,821	1,531	296	453	6	-	92,471
Total	3,786,638	723,343	1,054,084	2,649,915	1,149,805	88,232	2,732	9,454,749

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

4. REVENUE (CONTINUED)

(i) Disaggregated revenue information (Continued)

Revenue from contracts with customers for the six months ended 30 June 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
Types of goods and services							
Sale of electricity	3,611,613	674,410	1,557,652	2,516,637	993,527	47,658	9,401,497
Service concession							
construction revenue	10,206	-	-	-	-	-	10,206
Sale of steam	-	-	-	134,781	145,437	34,133	314,351
Others	1,157	4,569	2,411	35,978	4,229	3	48,347
Total	3,622,976	678,979	1,560,063	2,687,396	1,143,193	81,794	9,774,401
Geographic markets							
Mainland China	3,596,785	678,979	1,560,063	2,687,396	1,143,193	81,794	9,748,210
Spain	26,191	-	-	-	-	-	26,191
Total	3,622,976	678,979	1,560,063	2,687,396	1,143,193	81,794	9,774,401
Timing of revenue recognition							
Goods transferred at a							
point in time	3,612,328	674,554	1,559,384	2,684,945	1,139,509	81,791	9,752,511
Services transferred over time	10,648	4,425	679	2,451	3,684	3	21,890
Total	3,622,976	678,979	1,560,063	2,687,396	1,143,193	81,794	9,774,401

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

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 six months ended 30 June 2020

	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	3,786,638	723,343	1,054,084	2,649,915	1,149,805	88,232	2,732	9,454,749
Intersegment sales	2,302	-	-	-	-	5,660	-	7,962
Intersegment adjustments and eliminations								
	(2,302)	-	-	-	-	(5,660)	-	(7,962)
Total revenue from contracts with customers								
	3,786,638	723,343	1,054,084	2,649,915	1,149,805	88,232	2,732	9,454,749

For the six months ended 30 June 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	3,622,976	678,979	1,560,063	2,687,396	1,143,193	81,794	-	9,774,401
Intersegment sales	-	-	-	-	-	-	-	-
Intersegment adjustments and eliminations								
	-	-	-	-	-	-	-	-
Total revenue from contracts with customers								
	3,622,976	678,979	1,560,063	2,687,396	1,143,193	81,794	-	9,774,401

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

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:

	For the six months ended 30 June	
	2020	2019
	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	34,672*	31,668*

* Contract liabilities as at 1 January 2020 amounted to RMB34,672,000 (1 January 2019: RMB31,668,000).

(ii) Performance obligations

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

Sale of electricity and goods

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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

4. REVENUE (CONTINUED)

(ii) Performance obligations (Continued)

Service concession construction revenue

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

Rendering of services

Revenue from 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.

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Government grants (<i>note (i)</i>)	110,421	104,122
Gain on disposal of property, plant and equipment	26,039	1,347
Others	30,542	17,796
	167,002	123,265

Note:

- (i) For the six months ended 30 June 2020, government grants amounting to RMB110,421,000 (six months ended 30 June 2019: RMB104,122,000) were recognised as income for the period necessary to compensate the costs and facilitate the Group's development. There are no unfulfilled conditions or contingencies attached to the grants.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

6. FINANCE INCOME AND EXPENSES

	For the six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Interest income	16,361	12,812
Dividend income from equity investments at fair value through other comprehensive income	7,500	35,534
Net foreign exchange gains	–	865
Finance income	23,861	49,211
Interest on bank loans and other borrowings	1,461,199	1,515,849
Interest expense on lease liabilities	14,048	15,757
Net foreign exchange losses	2,860	–
Less: Interest expenses capitalised into property, plant and equipment	(232,182)	(100,673)
	1,245,925	1,430,933
Bank charges and others	1,249	7,205
Finance expenses	1,247,174	1,438,138
Net finance expenses	(1,223,313)	(1,388,927)

The borrowing costs have been capitalised at rates of 3.76% to 5.15% per annum for the six months ended 30 June 2020 (six months ended 30 June 2019: 3.92% to 4.90%).

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Salaries, wages and other benefits	639,501	609,074
Contributions to defined contribution retirement plans	50,249	84,199
	689,750	693,273

(b) Other items

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Amortisation		
– intangible assets	31,477	27,161
Depreciation		
– property, plant and equipment	2,299,549	2,276,403
– right-of-use assets	81,089	62,403
Impairment loss provision/(reversal)		
– property, plant and equipment	–	30,700
– prepayments and other current assets	14,203	(4)
– inventories	(27)	–
Operating lease charges		
– machinery	2,663	249
– properties	3,456	1,761
Cost of inventories	2,464,026	2,538,335

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

8. INCOME TAX

(a) Taxation in profit or loss represents:

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Current tax		
Provision for the period	355,854	336,073
Underprovision in respect of prior years	831	5,500
	356,685	341,573
Deferred tax		
Origination and reversal of temporary differences	18,408	15,435
Total income tax	375,093	357,008

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 periods ended 30 June 2020 and 2019.

The Company's subsidiary in Hong Kong is subject to income tax at a rate of 16.5% (six months ended 30 June 2019: 16.5%). The Company's subsidiary in Spain is subject to income tax at a rate of 25% (six months ended 30 June 2019: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

8. INCOME TAX (CONTINUED)

- (b) Reconciliation of 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:

	For the six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Profit before taxation	2,410,556	2,390,223
Applicable tax rate	25%	25%
Notional tax on profit before taxation	602,639	597,556
Tax effect of non-deductible expenses	835	1,962
Tax effect of non-taxable income	(68,549)	(83,671)
Tax effect of PRC tax concessions (note (i))	(161,778)	(170,445)
Tax effect of deductible distribution to holders of perpetual medium-term notes and renewable corporate bonds	(57,835)	–
Tax effect of unused tax losses not recognised	77,636	34,715
Tax effect of utilisation of unrecognised tax losses in prior years	(18,686)	(28,609)
Underprovision in respect of prior years	831	5,500
Actual tax expense	375,093	357,008

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. Pursuant to [2020] No.23 Notice jointly issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission of the PRC (the "NDRC"), the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2021 to 2030.

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

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2020 of RMB1,585,555,000 (six months ended 30 June 2019: RMB1,547,993,000) and the weighted average of 8,407,962,000 ordinary shares (six months ended 30 June 2019: 8,407,962,000 ordinary shares) in issue during the six months ended 30 June 2020. The calculation is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Profit attributable to equity holders of the Company	1,893,737	1,783,737
Less: Distribution to the holders of perpetual medium-term notes (<i>note 21</i>)	(182,957)	(134,700)
Distribution to the holders of renewable corporate bonds (<i>note 22</i>)	(125,225)	(101,044)
Profit attributable to ordinary equity holders of the Company	1,585,555	1,547,993

There was no difference between the basic and diluted earnings per share amounts as there were no dilutive potential shares outstanding for the periods presented.

10. 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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

10. SEGMENT REPORTING (CONTINUED)

- 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.

(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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

10. 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 six months ended 30 June 2020 and 2019 is set out below:

For the six months ended 30 June 2020

	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	3,698,243	719,286	1,052,291	2,477,092	999,068	53,794	8,999,774
– Sale of steam	-	-	-	138,770	147,339	34,432	320,541
– Others	8,330	4,182	4,046	34,818	3,576	10	54,962
Inter-segment revenue	2,302	-	-	-	-	5,660	7,962
Reconciliation	3,708,875	723,468	1,056,337	2,650,680	1,149,983	93,896	9,383,239
Inter-segment revenue	(2,302)	-	-	-	-	(5,660)	(7,962)
Reportable segment revenue	3,706,573	723,468	1,056,337	2,650,680	1,149,983	88,236	9,375,277
Reportable segment profit (operating profit)	2,041,539	415,141	464,034	413,186	106,979	18,703	3,459,582
Depreciation and amortisation	(1,374,051)	(239,021)	(258,825)	(368,312)	(137,322)	(8,095)	(2,385,626)
Interest income	5,532	1,066	4,076	590	1,104	155	12,523
Interest expenses	(751,521)	(137,679)	(34,054)	(88,448)	(70,086)	(4,489)	(1,086,277)
(Reversal)/provision of impairment losses on trade receivables, other receivables and prepayments	(6,019)	72	-	-	-	(2,604)	(8,551)
Reversal of impairment losses of inventories	27	-	-	-	-	-	27
Addition to non-current segment assets during the period	2,260,236	344,593	270,956	14,823	349,024	-	3,239,632
As at 30 June 2020							
Reportable segment assets	61,280,469	9,732,775	12,490,241	14,331,311	8,272,782	437,915	106,545,493
Reportable segment liabilities	43,858,813	6,284,123	4,018,817	9,829,030	6,558,790	511,536	71,061,109

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

10. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

For the six months ended 30 June 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	3,611,613	674,410	1,557,652	2,516,637	993,527	47,658	9,401,497
– Sale of steam	-	-	-	134,781	145,437	34,133	314,351
– Others	3,341	4,569	5,876	37,003	4,229	3	55,021
Reportable segment revenue	3,614,954	678,979	1,563,528	2,688,421	1,143,193	81,794	9,770,869
Reportable segment profit (operating profit)	1,997,637	396,800	844,360	216,112	106,872	(310)	3,561,471
Depreciation and amortisation	(1,365,480)	(227,524)	(249,683)	(359,790)	(128,147)	(12,170)	(2,342,794)
Interest income	6,667	752	1,946	1,680	745	413	12,203
Interest expenses	(821,744)	(139,222)	(53,462)	(136,289)	(67,094)	(5,164)	(1,222,975)
Impairment losses on property, plant and equipment	(19,582)	(3,895)	-	(66)	(5,675)	(1,482)	(30,700)
Reversal of impairment losses on trade receivables, other receivables and prepayments	-	-	4	-	-	-	4
Addition to non-current segment assets during the period	502,010	66,745	71,633	374,312	513,919	5,479	1,534,098
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

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

10. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Revenue		
Reportable segment revenue	9,375,277	9,770,869
Service concession construction revenue	84,833	10,206
Unallocated head office and corporate revenue	2,732	–
Consolidated revenue	9,462,842	9,781,075
Profit		
Reportable segment profit	3,459,582	3,561,471
Unallocated head office and corporate revenue	2,732	–
Unallocated head office and corporate expenses	(95,143)	(81,471)
Share of profits less losses of associates and joint ventures	266,698	299,150
Net finance expenses	(1,223,313)	(1,388,927)
Consolidated profit before taxation	2,410,556	2,390,223

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

10. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities (Continued)

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Assets		
Reportable segment assets	106,545,493	101,945,806
Inter-segment receivables	(8,584,165)	(8,305,097)
	97,961,328	93,640,709
Interests in associates and joint ventures	9,901,903	10,066,458
Other non-current assets – equity investments at fair value through other comprehensive income	564,475	677,664
Deferred tax assets	348,908	362,511
Tax recoverable	1,176	1,176
Unallocated head office and corporate assets	9,551,309	7,462,125
Consolidated total assets	118,329,099	112,210,643
Liabilities		
Reportable segment liabilities	71,061,109	69,635,365
Inter-segment payables	(8,578,504)	(8,305,097)
	62,482,605	61,330,268
Tax payable	195,948	155,450
Deferred tax liabilities	964,580	977,610
Unallocated head office and corporate liabilities	12,173,536	11,395,975
Consolidated total liabilities	75,816,669	73,859,303

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment information is presented.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment at a cost of RMB3,113,325,000 (six months ended 30 June 2019: RMB1,476,454,000). Items of property, plant and equipment with a net book value of approximately RMB1,470,000 were disposed of during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB720,000), resulting in a gain on disposal of RMB26,039,000 (six months ended 30 June 2019: a gain of RMB1,347,000).

12. INTANGIBLE ASSETS

The net book value of intangible assets mainly represents service concession assets of RMB1,104,896,000 (31 December 2019: RMB1,041,135,000), goodwill of RMB496,647,000 (31 December 2019: RMB496,647,000), and software and other assets of RMB94,192,000 (31 December 2019: RMB103,644,000).

13. OTHER NON-CURRENT ASSETS

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Deductible Value Added Tax ("VAT") (note (i))	1,450,555	1,532,569
Unquoted equity investments in non-listed companies, at fair value (note (ii))	401,966	467,718
Equity investment in a Hong Kong listed company, at fair value (note (iii))	162,509	209,946
Others	101,234	117,162
Amounts due from a joint venture	28,731	28,731
	2,144,995	2,356,126
Less: Allowance for doubtful debts	(28,731)	(28,731)
	2,116,264	2,327,395

Notes:

- (i) The deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventories, which is deductible from output VAT. The input VAT expected to be deducted within one year is recorded in prepayments and other current assets (note 15).
- (ii) The unquoted equity investments in non-listed companies are limited liability companies established in the PRC. On 1 January 2018 (the initial application date of IFRS 9), the Group's management has assessed and classified these equity investments into equity investments through other comprehensive income and measured at fair value (without recycling).
- (iii) Pursuant to the agreement with China Energy Engineering Corporation Limited ("China Energy Engineering"), the Group subscribed for 243,722,000 shares of China Energy Engineering at an offer price of HK\$1.59 per share on 8 December 2015. The Group recognised this as an equity investment designated at fair value through other comprehensive income (without recycling).

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

14. TRADE AND BILLS RECEIVABLES

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Amounts due from third parties	13,283,214	9,519,968
Amount due from an associate	–	8,406
Amount due from a joint venture	729	729
Amounts due from fellow subsidiaries	68	498
Less: Allowance for doubtful accounts	(14,427)	(14,427)
	13,269,584	9,515,174
Analysed into:		
Trade receivables		
– at amortised cost	1,821,766	1,807,317
– at fair value through other comprehensive income	11,048,442	7,455,787
	12,870,208	9,263,104
Bills receivable, at fair value through other comprehensive income	399,376	252,070
	13,269,584	9,515,174

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

14. TRADE AND BILLS RECEIVABLES (CONTINUED)

(a) Ageing analysis

The ageing analysis of trade and bills receivables of the Group based on the invoice dates, and net of loss allowance, is as follows:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Within 1 year	13,241,629	9,467,469
Between 1 and 2 years	14,235	15,556
Between 2 and 3 years	1,434	961
Over 3 years	12,286	31,188
	13,269,584	9,515,174

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.

(b) Loss allowance for impairment of trade and bills receivables

The movements in the loss allowance for impairment of doubtful debts during the period/year are as follows:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
At the beginning of period/year	14,427	13,229
Impairment losses, net	-	1,825
Uncollectible amounts written off	-	(627)
At the end of period/year	14,427	14,427

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

14. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Loss allowance for impairment of trade and bills receivables (Continued)

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 [2020] No. 4 Notice on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) jointly issued by the Ministry of Finance, the NDRC and the National Energy Administration in January 2020, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium have come into force since 2020 and approvals on a project by project basis are required before the allocation of funds to local grid companies. 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 in March 2012 was repealed at the same time. As at 30 June 2020, 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 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.

Bills receivable as at 30 June 2020 were all bank acceptance bills with a maturity within one year, management considers the probability of default as minimal.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

15. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Certified Emission Reduction (“CERs”) receivables	92,333	92,333
Staff advance and other deposits	17,414	18,501
Amounts due from related parties		
– due from fellow subsidiaries	43,295	40,743
– due from associates	15,106	45,800
– due from a joint venture	101,598	67,954
Deductible VAT (<i>note 13 (i)</i>)	696,476	851,826
Prepayments for the coal and spare parts supply	86,530	100,103
Other prepayments and debtors	297,693	265,147
	1,350,445	1,482,407
Less: Allowance for doubtful debts	(231,731)	(201,517)
	1,118,714	1,280,890

The movements in the allowance for doubtful debts are as follows:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
At the beginning of period/year	201,517	156,731
Impairment losses recognised	33,294	90,171
Reversal of impairment losses	(112)	(37)
Uncollectible amounts written off	(2,968)	(45,348)
At the end of period/year	231,731	201,517

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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

16. CASH AND CASH EQUIVALENTS

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Cash on hand	1	2,117
Cash at banks	103,960	1,564,330
Deposits with fellow subsidiaries (<i>note (i)</i>)	4,496,279	891,399
	4,600,240	2,457,846

Note:

- (i) Deposits with fellow subsidiaries represent the deposits in China Huadian Finance Corporation Ltd. ("Huadian Finance"), a registered financial institution in the PRC, and the deposits in China Huadian Overseas Asset Management Co., Ltd. ("Huadian Overseas"), a registered financial institution in Hong Kong.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17. BORROWINGS

(a) The long-term interest-bearing borrowings comprise the following:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Bank loans and loans from financial institutions		
– Secured (note (ii))	20,801,639	21,943,306
– Unsecured (note (i))	26,005,846	25,399,763
Loans from Huadian		
– Unsecured	1,180,550	1,220,970
Loans from fellow subsidiaries		
– Secured (note (ii))	699,588	838,487
– Unsecured	2,386,319	1,414,500
Other borrowings		
– Secured (note (e)(i))	726,375	786,332
– Unsecured (note (e)(ii))	5,034,134	5,033,341
	56,834,451	56,636,699
Less: Current portion of long-term borrowings		
– Bank loans and loans from financial institutions	(5,300,200)	(5,654,477)
– Loans from fellow subsidiaries	(345,631)	(300,127)
– Loans from Huadian	(1,170,000)	(1,110,420)
– Other borrowings (note (e)(i))	(107,971)	(105,338)
Borrowings in non-current liabilities	49,910,649	49,466,337

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17. 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:

	30 June 2020 RMB'000	31 December 2019 RMB'000
Guarantors		
– Huadian	93,200	173,300
– Non-controlling shareholders of subsidiaries	64,500	53,000
	157,700	226,300

(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 RMB12,777,215,000 (31 December 2019: RMB14,938,300,000). 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 RMB11,059,000 (31 December 2019: RMB10,906,000). Certain of the Group's interest-bearing borrowings with a carrying amount of RMB12,822,145,000 (31 December 2019: RMB15,302,132,000) were secured by certain rights of receipt of tariff of the Group.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17. BORROWINGS (CONTINUED)

(b) The short-term interest-bearing borrowings comprise the following:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Bank loans and loans from financial institutions		
– Secured (<i>note (a)(ii)</i>)	27,500	9,500
– Unsecured	5,028,002	6,369,326
Loans from a fellow subsidiary		
– Unsecured	1,380,000	15,000
Other borrowings		
– Unsecured (<i>note (e)(iii)</i>)	1,999,057	15,000
	8,434,559	6,408,826
Add: Current portion of long-term borrowings		
– Bank loans and loans from financial institutions	5,300,200	5,654,477
– Loans from fellow subsidiaries	345,631	300,127
– Loans from Huadian	1,170,000	1,110,420
– Other borrowings	107,971	105,338
Borrowings in current liabilities	15,358,361	13,579,188

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17. BORROWINGS (CONTINUED)

(c) The interest rates on borrowings are as follows:

	30 June 2020	31 December 2019
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	3.75%-4.90%	4.41%-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%-5.16%
Loans from a fellow subsidiary	3.92%-4.35%	4.35%
Other borrowings	2.08%	4.35%

As at 30 June 2020, the long-term interest-bearing borrowings and short-term interest-bearing borrowings of the Group with fixed interest rates amounted to RMB18,076,579,000 (31 December 2019: RMB18,709,574,000) and RMB708,119,000 (31 December 2019: RMB4,303,770,000), respectively.

(d) The borrowings are repayable as follows:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Within 1 year or on demand	15,358,361	13,579,188
After 1 year but within 2 years	9,451,683	9,559,822
After 2 years but within 5 years	19,198,872	19,005,953
After 5 years	21,260,094	20,900,562
	65,269,010	63,045,525

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17. BORROWINGS (CONTINUED)

(e) Significant terms of other borrowings

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Long-term		
Asset-backed securities (<i>note (i)</i>)	618,404	680,994
Corporate bonds (<i>note (ii)</i>)	5,034,134	5,033,341
Short-term		
Financing instruments (<i>note (iii)</i>)	1,999,057	–
Asset-backed securities (<i>note (i)</i>)	107,971	105,338

Notes:

(i) In March 2018, several wholly-owned subsidiaries of the Company 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 30 June 2020, the amortised cost of the debt securities issued amounted to RMB726,375,000 (31 December 2019: RMB786,332,000), including an amount of RMB107,971,000 (31 December 2019: RMB105,338,000) reclassified to short-term according to the repayment plan.

(ii) On 25 March 2013, the Company issued 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 rate of the bond is 5.38% per annum. As at 30 June 2020, the amortised cost of the bond issued amounted to RMB998,419,000 (31 December 2019: RMB998,131,000).

On 22 September 2016, the Company issued a five-year unsecured corporate bond of RMB3,000,000,000 at par with a coupon rate of 2.97% per annum. The effective interest rate of this bond is 3.04% per annum. 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. As at 30 June 2020, the amortised cost of the bond issued amounted to RMB2,888,007,000 (31 December 2019: RMB2,888,007,000).

On 4 November 2016, the Company issued a five-year unsecured corporate bond of RMB900,000,000 at par with a coupon rate of 3.02% per annum and a seven-year unsecured corporate bond of RMB1,100,000,000 at par with a coupon rate of 3.18% per annum. The effective interest rates of the above bonds are 3.09% and 3.23% per annum, respectively. 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. As at 30 June 2020, the amortised cost of the above bonds issued amounted to RMB49,280,000 (31 December 2019: RMB49,010,000) and RMB1,098,428,000 (31 December 2019: RMB1,098,193,000), respectively.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17. BORROWINGS (CONTINUED)

(e) Significant terms of other borrowings (Continued)

Notes: (Continued)

- (iii) On 3 March 2020, the Company issued the first tranche of 2020 ultra-short-term financing instruments (for COVID-19 prevention and control) of RMB2,000,000,000 at par with a coupon rate of 2.08% per annum with a due date of 31 August 2020. As at 30 June 2020, the amortised cost of the financing instruments issued amounted to RMB1,999,057,000.

18. TRADE AND BILLS PAYABLES

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Trade payables to third parties	1,077,508	947,396
Bills payable to third parties	–	25,444
Trade payables to related parties	208,897	411,300
Bills payable to related parties	65,000	65,000
	1,351,405	1,449,140

The ageing analysis for the trade and bills payables, based on the invoice dates, is as follows:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Within 1 year	916,207	967,806
Between 1 and 2 years	252,353	401,675
Between 2 and 3 years	114,973	50,875
Over 3 years	67,872	28,784
	1,351,405	1,449,140

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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

19. OTHER PAYABLES AND ACCRUALS

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Payables for acquisition of property, plant and equipment and intangible assets	2,896,151	3,000,611
Provision for Mianhuatan resettlement compensation (<i>note (i)</i>)	310,000	310,000
Retention payable (<i>note (iii)</i>)	668,170	779,787
Dividends payable	638,913	323,163
Payables for staff-related costs	99,310	76,004
Payables for other taxes	265,213	260,958
Interest payable	238,971	183,239
Amounts due to fellow subsidiaries (<i>note (iii)</i>)	892,777	1,037,986
Amounts due to associates (<i>note (iii)</i>)	314,811	394,161
Amounts due to Huadian (<i>note (iii)</i>)	272,552	3,712
Contract liabilities	3,218	34,672
Lease liabilities	94,379	98,637
Other accruals and payables	166,910	534,545
	6,861,375	7,037,475

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 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 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 the 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 the Fujian DRC. The total amounts in addition to RMB430 million recognised have been capitalised in property, plant and equipment.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

19. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes: (Continued)

- (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 are expected to be settled within one year or are repayable on demand.

20. CAPITAL AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, declared during the interim period

	For the six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
Final dividend approved during the period in respect of the previous financial year of RMB0.0540 per share (six months ended 30 June 2019: RMB0.0568 per share)	454,030	477,572

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

20. CAPITAL AND DIVIDENDS (CONTINUED)

(b) Share capital

	30 June 2020 RMB' 000	31 December 2019 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 H shares of RMB1.00 each	2,570,224	2,570,224
	8,407,962	8,407,962

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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

21. PERPETUAL MEDIUM-TERM NOTES

	Issuance date	Initial distribution rate	Distribution payment date	First call date	Principal amounts RMB' 000	Issuance costs RMB' 000	Carrying amount	
							30 June 2020 RMB' 000	31 December 2019 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
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	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	1,598,491
Proceeds from issuance							6,583,970	8,577,970
Add: Profit attributable to the holders of PMTN							182,957	326,796
Less: Distribution							(182,957)	(326,796)
Equity attributable to the holders of PMTN							6,583,970	8,577,970

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

21. PERPETUAL MEDIUM-TERM NOTES (CONTINUED)

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.

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 first tranche of 2015 PMTN was redeemed with a principal amount of RMB2,000,000,000 on the first call date of 23 April 2020, and the difference amounting to RMB6,000,000 between the principal amount and carrying amount on the first call date was included in capital reserve.

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 six months ended 30 June 2020, net profit attributable and distribution to holders of the PMTN based on the applicable rate in aggregate, were RMB182,957,000 (six months ended 30 June 2019: RMB134,700,000) and RMB182,957,000 (six months ended 30 June 2019: RMB134,700,000), respectively.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

22. RENEWABLE CORPORATE BONDS

	Issuance date	Initial distribution rate	Distribution payment date	First call date	Principal amounts RMB' 000	Issuance costs RMB' 000	Carrying amount	
							30 June 2020 RMB' 000	31 December 2019 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
First tranche of 2020 renewable corporate bonds	14-15 April 2020	3.15%	15 April	15 April 2023	2,000,000	189	1,999,811	–
Second tranche of 2020 renewable corporate bonds	21-22 May 2020	3.30%	22 May	22 May 2023	3,000,000	283	2,999,717	–
Proceeds from issuance							8,988,105	3,988,577
Add: Profit attributable to the holders of renewable corporate bonds							125,225	201,500
Less: Distribution							(125,225)	(201,500)
Equity attributable to the holders of renewable corporate bonds							8,988,105	3,988,577

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

22. 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, the first tranche of 2018 renewable corporate bonds – Category one and the two tranches of 2020 renewable corporate bonds and every three years after the first call date of the first tranche of 2017 renewable corporate bonds, the first tranche of 2018 renewable corporate bonds – Category one and the two tranches of 2020 renewable corporate bonds, 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 six months ended 30 June 2020, net profit attributable and distribution to holders of renewable corporate bonds based on the applicable rate in aggregate, were RMB125,225,000 (six months ended 30 June 2019: RMB101,044,000) and RMB125,225,000 (six months ended 30 June 2019: RMB101,044,000), respectively.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) 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

At 30 June 2020 and 31 December 2019, 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 30 June 2020 categorised into			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Carrying amount 30 June 2020 RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Trade and bills receivables	11,447,818	-	11,447,818	-
Equity investment in a Hong Kong listed company, at fair value through other comprehensive income	162,509	162,509	-	-
Unquoted equity investments in non-listed companies, at fair value through other comprehensive income	401,966	-	-	401,966

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	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

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 interim condensed 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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

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 27(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 period. 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.

(b) Fair values of financial assets and liabilities not carried at fair value

The carrying amounts of the Group’s financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2020 and 31 December 2019, except for the following:

	30 June 2020		31 December 2019	
	Carrying amount RMB' 000	Fair value RMB' 000	Carrying amount RMB' 000	Fair value RMB' 000
Other borrowings	5,760,509	5,738,340	5,819,673	5,711,279
Fixed rate long-term loans	12,316,070	11,929,449	12,889,901	12,598,481
Total	18,076,579	17,667,789	18,709,574	18,309,760

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

24. CAPITAL COMMITMENTS

Capital commitments outstanding at the period/year end not provided for in the interim condensed consolidated financial information were as follows:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Contracted for	14,816,479	10,078,282

25. CONTINGENCIES

(a) Financial guarantees issued

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Financial guarantees to banks for:		
– A joint venture	179,732	197,224

As at 30 June 2020, the Group issued financial guarantees to banks in respect of the bank loans granted to Jiangxi Huadian Jiujiang Distributed Energy Company Limited (“江西華電九江分佈式能源有限公司”) (“Huadian Jiujiang”), a joint venture of the Group, amounting to RMB179,732,000 (31 December 2019: RMB197,224,000), and full provision has been made as 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.

(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 sale 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 sale of CERs. Therefore, the Group has not made any provision on such contingencies.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

25. CONTINGENCIES (CONTINUED)

(c) Contingent liability in respect of the resettlement compensation for Mianhuatan Hydropower

Mianhuatan Hydropower, one of the Company's subsidiaries, owns and operates the Mianhuatan Project in Longyan, Fujian, the PRC. The relevant local government authority disputed the amount of resettlement compensation. 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 the 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 are subject to determination of the Fujian DRC. The total amounts in addition to RMB430 million recognised have been capitalised in property, plant and equipment in 2019.

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 which the NDRC requires the Group to pay is to exceed RMB40 million.

26. 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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

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:

	For the six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Purchase of power generation rights from:		
Fellow subsidiaries	–	1,956
An associate	–	70,000
Purchase of coal shipping services from:		
Fellow subsidiaries	59,940	43,106
Purchase of construction services, operation maintenance and construction materials from:		
Fellow subsidiaries	718,400	324,708
Associates	45,185	–
Office rental and property management services provided by:		
Fellow subsidiaries	13,273	13,016
Purchases of coal from:		
Fellow subsidiaries	1,582,559	740,853
Loans borrowed from/(repaid to):		
Huadian	(40,420)	(1,000,000)
Fellow subsidiaries	2,197,920	(40,234)
Net deposit change in:		
Huadian Finance	3,457,319	204,852
Huadian Overseas	147,561	–
Interest expenses paid to:		
Huadian	32,351	55,518
Fellow subsidiaries	120,450	47,732
Interest income received from:		
Huadian Finance	11,700	3,593

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 13, 14, 15, 16, 17, 18 and 19.

(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 transactions mentioned above, the Group conducts the 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 of construction work services; and
- 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 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 six months ended 30 June 2020, revenue from the sale of electricity made to the provincial power grid companies which are government-related entities accounted for 99.9% of the total revenue from the sale of electricity (six months ended 30 June 2019: 99.5%). As at 30 June 2020, the trade and bills receivables due from these power grid companies accounted for 99% of the total trade and bills receivables (31 December 2019: 98%).

The Company and its subsidiaries maintain 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, as well as the respective interest income or interest expense incurred.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

Other collectively significant transactions with government-related entities also included a large portion of equipment and material purchases, property, plant and equipment construction services received, and the service concession arrangements.

(d) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel is as follows:

	For the six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Salaries and other emoluments	1,226	1,511
Discretionary bonuses	1,934	2,486
Retirement scheme contributions	622	775
	3,782	4,772

(e) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by Huadian for its staff. As at 30 June 2020 and 31 December 2019, there was no material outstanding contribution to post-employment benefit plans.

(f) Commitments with related parties

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Capital commitment	3,171,943	1,340,959
Commitment for office rental and property management fee	75,673	86,483

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

27. TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The Group entered into securitisation transactions whereby it transferred 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 or not the risks and rewards of the Transferred Financial Assets.

In March 2018, the Group transferred rights of receipt of electricity tariff of several wholly-owned subsidiaries of the Company in the coming 6 to 12 years to the structured entities, where the Group retained all of the risks and rewards of the Transferred Financial Assets and therefore considers it as a bond secured by the pledge of rights of receipt of electricity tariff (note 17(e)).

Transferred financial assets that are derecognised in their entirety

- (a) At 30 June 2020, 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 RMB4,300,000 (31 December 2019: RMB21,655,000) and factored certain bills receivable accepted by banks in Mainland China with a carrying amount in aggregate of RMB19,354,000 (31 December 2019: RMB592,013,000) (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 six months ended 30 June 2020, the Group recognised losses of RMB1,717,000 (six months ended 30 June 2019: RMB1,778,000) on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

27. TRANSFER OF FINANCIAL ASSETS (CONTINUED)

Transferred financial assets that are derecognised in their entirety (Continued)

- (b) The Group entered into securitisation transactions whereby it transferred 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 the risks and rewards of the Transferred Financial Assets. The Group determined whether 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 six months ended 30 June 2019, the Group transferred an aggregate carrying amount of RMB611,143,000 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 RMB44,257,000 from transfers of trade receivables on tariff premium of renewable energy.

28. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 1 June 2020, Fujian Huadian Furui Energy Development Co., Ltd. (“Fujian Huadian Furui”) and the Company entered into a merger agreement, proposing pre-conditional privitisation of the Group by Fujian Huadian Furui by way of merger by absorption of the Group. The merger agreement is subject to the fulfilment of the pre-condition, being the filing, registration or approval, as applicable, with or by (a) the NDRC, (b) the Ministry of Commerce of the PRC and (c) the State Administration of Foreign Exchange of the PRC, or their respective local authorities, in respect of the merger having been obtained or completed. The pre-condition has been fulfilled on 21 August 2020.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 28 August 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 hours”	the gross power generation in a 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
“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”	the Corporate Governance Code in Appendix 14 to the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited
“corresponding period of 2019”	the six months ended 30 June 2019
“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
“GW”	gigawatt, a unit of power, 1 GW = 1,000 MW
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definition and Glossary of Technical Terms (Continued)

“Huadian”	China Huadian Corporation Ltd.
“Huadian Finance”	China Huadian Finance Corporation Limited (中國華電集團財務有限公司), a subsidiary of Huadian
“Huadian Group”	Huadian and its subsidiaries (excluding the Company and its subsidiaries)
“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 generates to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
“PRC” or “China”	the People’s Republic of China
“reporting period”	the period from 1 January 2020 to 30 June 2020
“Sanmen Nuclear Power”	Sanmen Nuclear Power Co., Ltd.
“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
“13th Five-Year Plan”	“13th Five-Year Plan” with the full name being the Outline of the 13th Five-Year Plan for National Economic and Social Development of the People’s Republic of China, and the term of the “13th Five-Year Plan” starts in 2016 and ends in 2020
“14th Five-Year Plan”	“14th Five-Year Plan” with the full name being the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China, and the term of the “14th Five-Year Plan” starts in 2021 and ends in 2025

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

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Fujian Province, the PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

Corporate Information (Continued)

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 Jianchun (*Executive Director*)
Mr. Wu Yiqiang (*Independent Non-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 Jiaying
Ms. Ding Ruiling
Mr. Guo Xiaoping

Corporate Information (Continued)

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

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Corporate Information (Continued)

PRINCIPAL BANKS

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