China Power International Development Limited
中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code : 2380)

15th Anniversary

2019 Annual Report

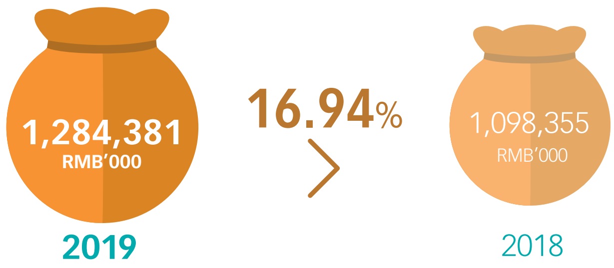
Clean Energy
Green Enterprise

Contents

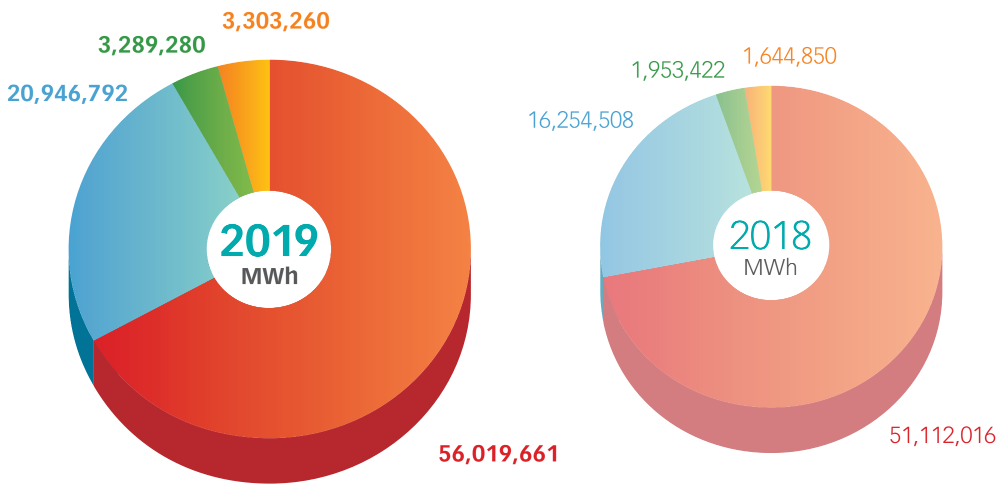
2019 Financial Highlights

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

for the year ended 31 December

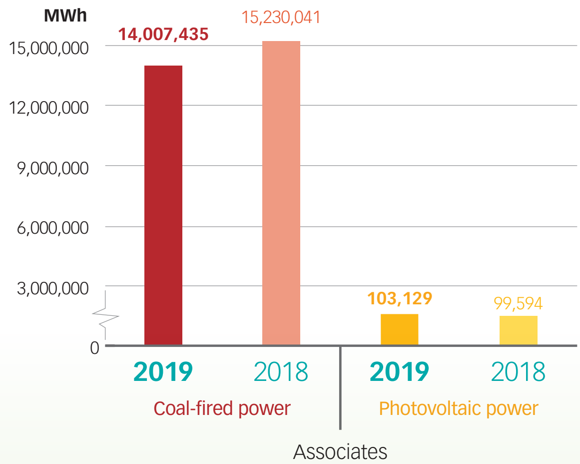


	2019 MWh	2018 MWh	Change %
Total power generation	**87,134,871**	74,101,429	17.59
Total electricity sold	**83,558,993**	70,964,796	17.75

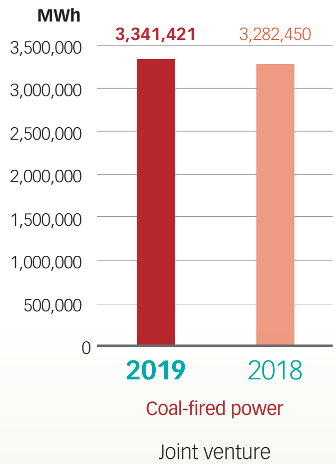


Change	
Coal-fired power	9.60%
Hydropower	28.87%
Wind power	68.39%
Photovoltaic power	100.82%

	2019	2018	Change
Total electricity sold of major associates and joint venture	**17,451,985**	18,612,085	-6.23

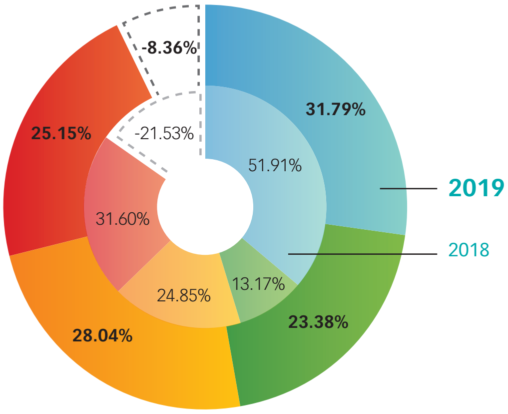


Change	
Associates	
Coal-fired power	-8.03%
Photovoltaic power	3.55%
Joint venture	
Coal-fired power	1.80%



NET PROFIT

for the year ended 31 December

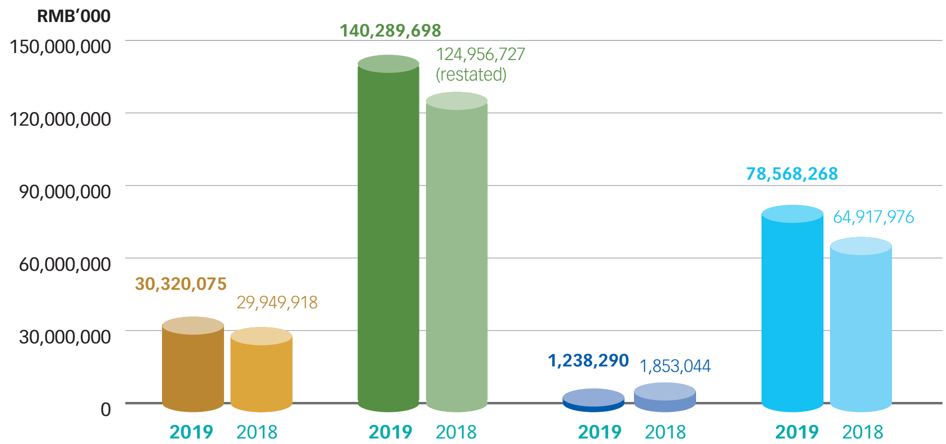


Net profit/(loss)	2019 RMB'000	2018 RMB'000
Hydropower	699,707	849,881
Wind power	514,570	215,612
Photovoltaic power	617,314	406,843
Coal-fired power	553,620	517,335
Unallocated	(184,061)	(352,486)

	2019 RMB'000	2018 RMB'000	Change %
Revenue	**27,763,287**	23,175,626	19.80

	RMB	RMB	%
Basic earnings per share	**0.13**	0.11	18.18

Other key financial indicators



Change	
Equity attributable to owners of the Company	1.24%
Total assets	12.27%
Cash and cash equivalents	-33.18%
Total debts	21.03%

Corporate Information

BOARD OF DIRECTORS

Executive Director

TIAN Jun *(Chairman of the Board and President)*

Non-executive Directors

GUAN Qihong
WANG Xianchun

Independent Non-executive Directors

KWONG Che Keung, Gordon
LI Fang
YAU Ka Chi

AUDIT COMMITTEE

KWONG Che Keung, Gordon *(Chairman)*
LI Fang
YAU Ka Chi

RISK MANAGEMENT COMMITTEE

TIAN Jun *(Chairman)*
KWONG Che Keung, Gordon
LI Fang
YAU Ka Chi

REMUNERATION AND NOMINATION COMMITTEE

LI Fang *(Chairman)*
KWONG Che Keung, Gordon
YAU Ka Chi

EXECUTIVE COMMITTEE

TIAN Jun *(Chairman)*
All vice presidents of the Company

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6301, 63/F., Central Plaza
18 Harbour Road
Wanchai, Hong Kong

BEIJING OFFICE

East Building, Hui Huang Shi Dai Plaza
56 North West Fourth Ring Road, Haidian District
Beijing, China

COMPANY WEBSITE

www.chinapower.hk

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

- Ordinary Shares (Stock Code: 2380)

SHARE REGISTRAR AND TRANSFER OFFICE

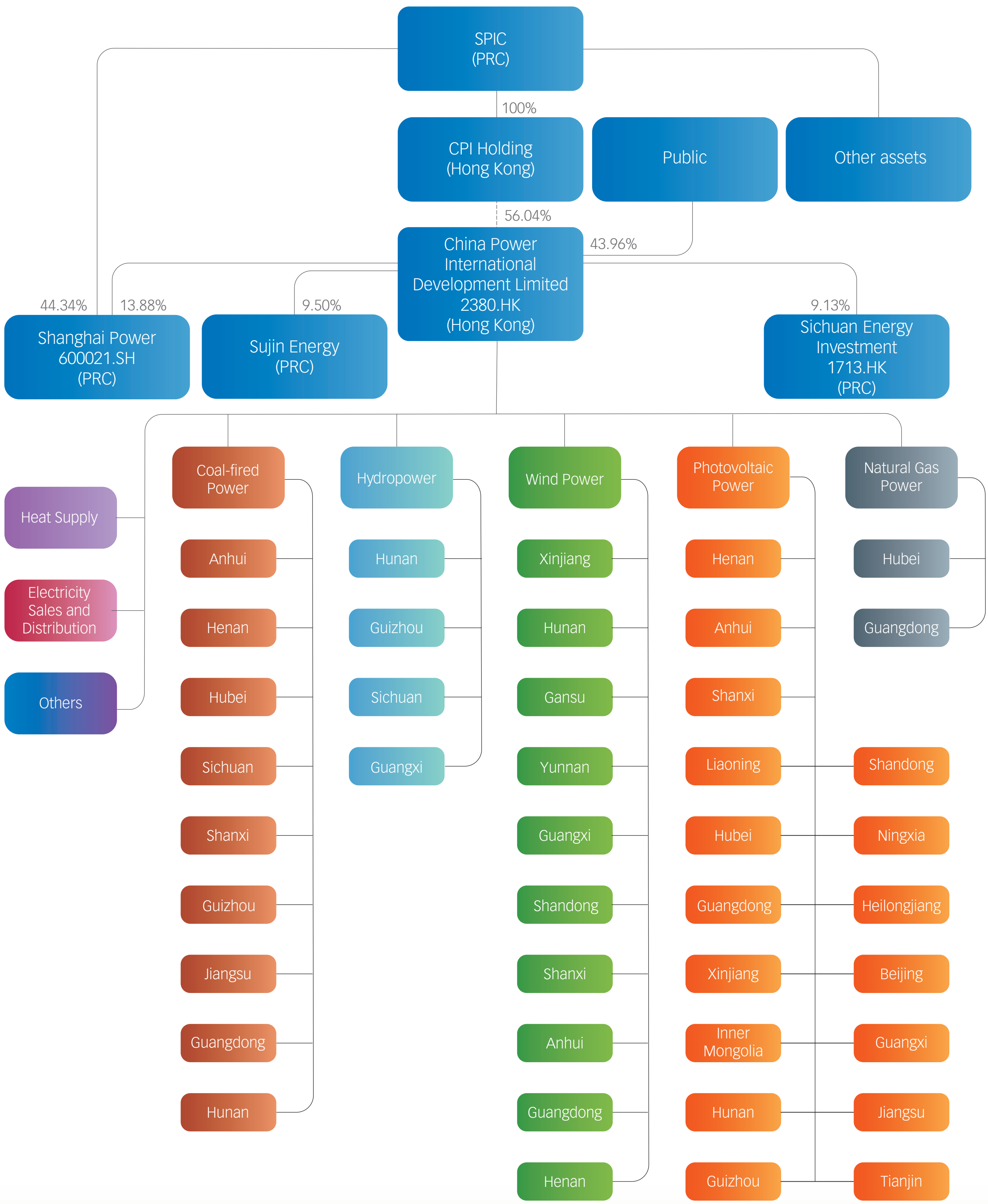
Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY SECRETARY

CHEUNG Siu Lan

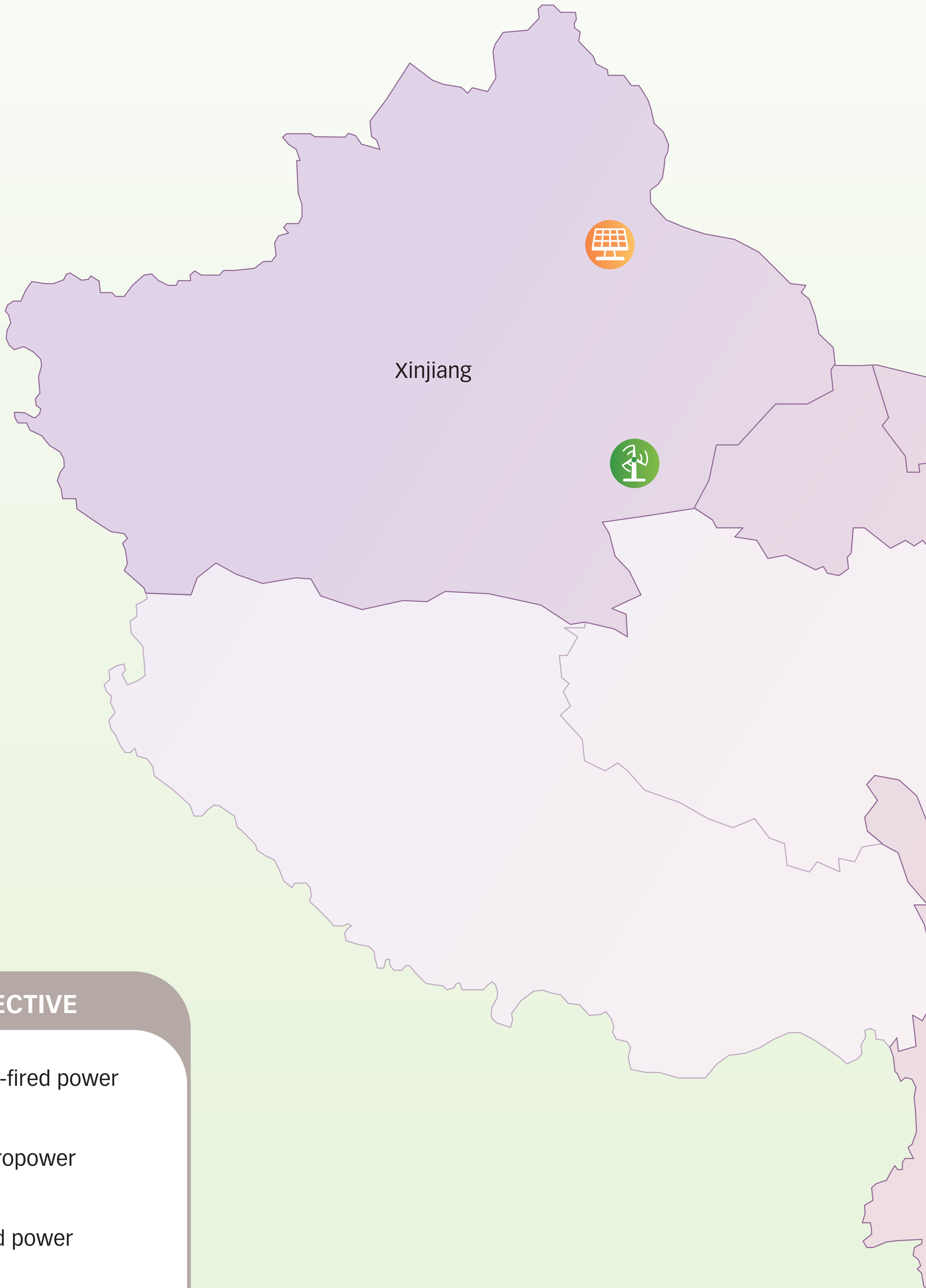
AUDITOR

Deloitte Touche Tohmatsu



Note: The above group structure is recorded as at the date of this annual report.

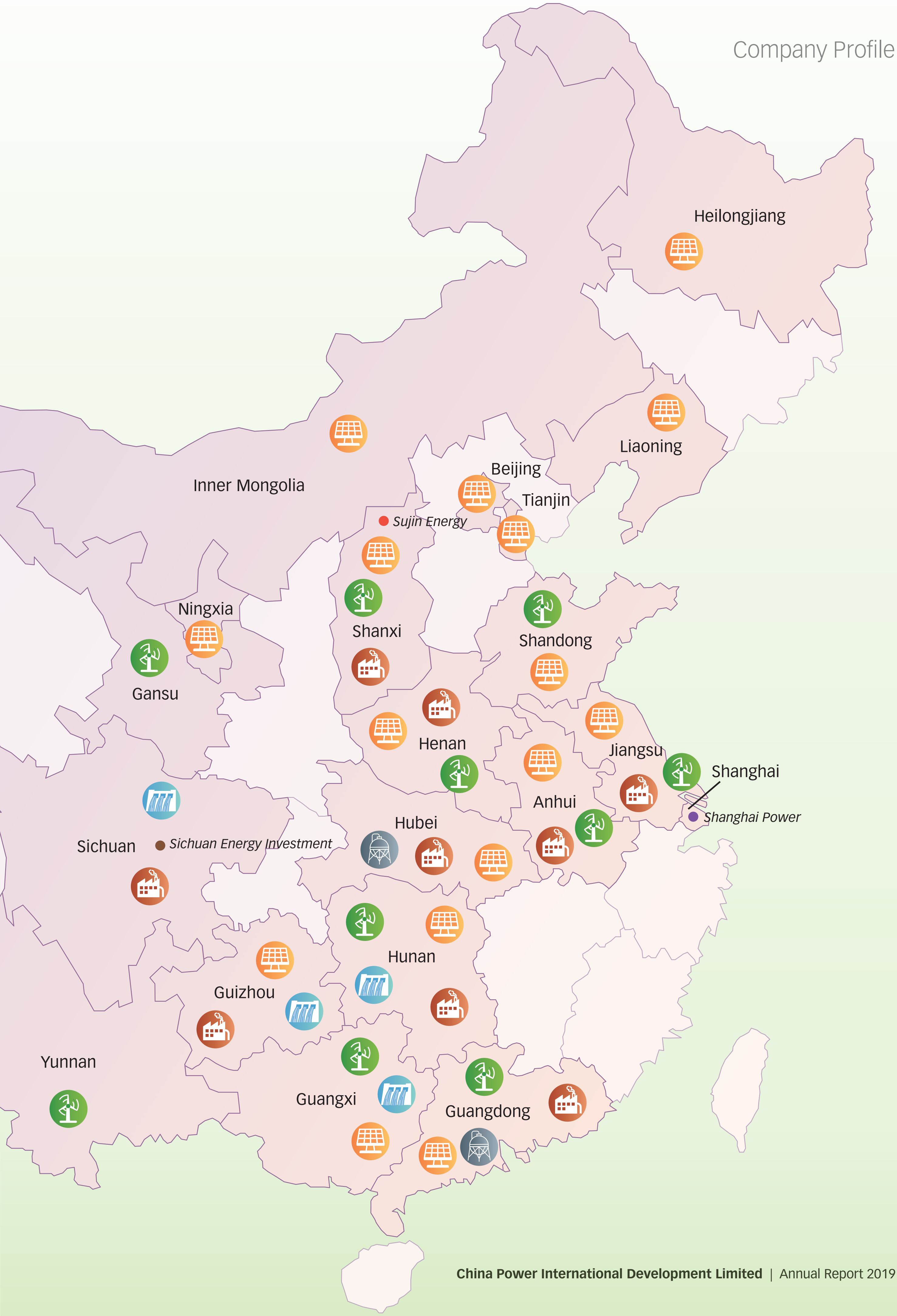
Company Profile



DIRECTIVE

- Coal-fired power
- Hydropower
- Wind power
- Photovoltaic power
- Natural gas power

- 13.88% stake in Shanghai Power
- 9.13% stake in Sichuan Energy Investment
- 9.50% stake in Sujin Energy


Heilongjiang
Liaoning
Inner Mongolia
Beijing
Tianjin
Sujin Energy
Ningxia
Shanxi
Shandong
Gansu
Henan
Jiangsu
Shanghai
Shanghai Power
Anhui
Hubei
Sichuan
Sichuan Energy Investment
Hunan
Guizhou
Yunnan
Guangxi
Guangdong

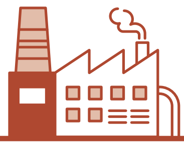
China Power was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance on 24 March 2004 and is a core subsidiary for conventional energy business of SPIC, the only integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC.

The shares of the Company were listed on The Main Board of the Hong Kong Stock Exchange on 15 October 2004 with the stock code 2380. In addition to the coal-fired power business in the start-up stage, the Company has expanded its business into the areas of, among others, hydropower, wind power, photovoltaic power, electricity sales and distribution and integrated energy through continuous development over the past 15 years. Various business segments are growing orderly along with the constant expansion of the Group.

As at 31 December 2019, the Group's total attributable installed capacity was 21,113.2MW, of which attributable installed capacity of clean energy was 7,510.1MW, accounting for 35.57% of all attributable installed capacity.

EXISTING POWER PLANTS

As at 31 December 2019, the Group owned and operated the power plants as follows:



Coal-fired Power

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Pingwei Power Plant	1,260	60	756
Pingwei Power Plant II	1,280	60	768
Pingwei Power Plant III	2,000	60	1,200
Yaomeng Power Plant	2,160	100	2,160
Dabieshan Power Plant	1,280	51	652.8
Fuxi Power Plant	1,200	51	612
CP Shentou Power Plant	1,200	80	960
Wuhu Power Plant	1,320	100	1,320
Changshu Power Plant	3,320	50	1,660
Xintang Power Plant	600	50	300
Li Yu Jiang Power Plant	600	25.2	151.2
Pu'an Power Plant	1,320	95	1,254
Shangqiu Power Plant	700	100	700
Shanghai Power	7,449.5	13.88	1,033.9
Sujin Energy	792	9.5	75.2
Total	**26,481.5**		**13,603.1**

Hydropower

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Wu Qiang Xi Power Plant	1,200	63	756
San Ban Xi Power Plant	1,000	59.85	598.5
Ling Jin Tan Power Plant	270	63	170.1
Hong Jiang Power Plant	270	37.06	100.1
Wan Mi Po Power Plant	240	63	151.2
Gua Zhi Power Plant	150	59.85	89.8
Baishi Power Plant	420	59.85	251.4
Tuokou Power Plant	830	37.06	307.6
Other small hydropower plants under Wu Ling Power	465.1	~44.1-63	287.6
Changzhou Power Plant	630	64.93	409.1
Sichuan Energy Investment	138.7	9.13	12.7
Total	**5,613.8**		**3,134.1**

Wind Power

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Linxiang Power	100	63	63
Shanshan Power Plant	99	63	62.4
Other small wind power plants under Wu Ling Power	568.4	~32.13-63	291.9
Jinzishan Wind Power	99	50.57	50.1
Xing'an Wind Power	570.5	95	542
Anqiu Hengtai	138.6	51	70.7
Lingchuan Wind Power	60	100	60
Other small wind power plants under Guangxi Company	40	84.2	33.7
Small wind power plants under Shandong Company	112.5	~70-98.73	93.2
Shanghai Power	1,934.2	13.88	268.5
Total	**3,722.2**		**1,535.5**

Photovoltaic Power

Power Station	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Shanxi Shentou	100	100	100
Datong CP	300	100	300
Tiemengang Power Station	50	100	50
Pu'an New Energy	100	100	100
Xiejiaji Power Station	70	100	70
Ruicheng Power Station	80	100	80
Xintai Power Station	100	100	100
Huiqing Power Station	80	70	56
ZhaoZhou Power Station	80	70	56
Zuoyun Power Station	100	100	100
Hunyuan Power Station	100	100	100
Other small photovoltaic stations under the Company	247.3	~50-100	207
Zhongning Longji	200	44.1	88.2
Other small photovoltaic stations under Wu Ling Power	513	~34.65-63	226.5
Small photovoltaic stations under Guangxi Company	20	64.93	13
Small photovoltaic stations under Shandong Company	66.2	51-100	48.8
Huainan New Energy	130	100	130
Other small photovoltaic stations under Anhui Company	120.2	~35.7-100	87.9
Shayang Power Station	50	100	50
Hanchuan Power Station	50	100	50
Other small photovoltaic stations under Hubei Company	233.9	~65-100	176.2
Shanghai Power	2,040.8	13.88	283.3
Total	**4,831.4**		**2,472.9**

Natural Gas Power

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Shanghai Power	2,648.2	13.88	367.6
Total	**2,648.2**		**367.6**

PROJECTS UNDER CONSTRUCTION

As at 31 December 2019, the Group's projects under construction were as follows:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Dabieshan Power Plant	Coal-fired power	1,320	51	673.2
Shanxi Shentou Power Plant II	Coal-fired power	2,000	100	2,000
Wu Qiang Xi Power Plant	Hydropower	500	63	315
Jingle Power Plant	Wind power	299.5	44.1	132.1
Other small wind power plants under Wu Ling Power	Wind power	1,205	~32.13-63	578.3
Jinzishan Wind Power	Wind power	230	50.57	116.4
Xing'an Wind Power	Wind power	126	95	119.7
Lingshan Dahuaishan	Wind power	160	84.2	134.7
Lingchuan Wind Power	Wind power	50	100	50
Qingyun Power Plant	Wind power	100	66	66
Shanghe Power Plant	Wind power	100	66	66
Aishan Power Plant	Wind power	100	66	66
Other small wind power plants under Shandong Company	Wind power	207.4	~51-100	144.9
Gushi New Energy	Wind power	150	100	150
CP Chaoyang	Photovoltaic power	500	100	500
Other small photovoltaic stations under the Company	Photovoltaic power	41.2	~32.1-100	37.1
CP Jiangmen	Natural gas power	120	100	120
Jingmen Lvdong	Natural gas power	154	90	138.6
Other natural gas project under Hubei Company	Natural gas power	1.8	100	1.8
Total		**7,364.9**		**5,409.8**

NEW DEVELOPMENT PROJECTS

As at the date of this annual report, the total installed capacity of new projects in a preliminary development stage (including projects which the approvals from government of the PRC have been applied for) is approximately 2,300MW. The categories are distributed as follows:

Type of Power Plant	Installed Capacity (MW)
Renewable energy (wind power and photovoltaic power)	2,100
Natural gas power	200
Total, approximately	**2,300**

ULTIMATE CONTROLLING SHAREHOLDER — SPIC

The Company is ultimately owned by SPIC, a wholly State-owned enterprise established by the approval of the State Council of the PRC. The business of SPIC includes power, coal, aluminum, logistics, finance, environmental protection and high-tech industries, etc. with a total installed capacity of approximately 151GW.

Major Events in 2019

01

China Power revised its Dividend Policy and announced the adjustment that it may declare and distribute annual cash dividends to its shareholders in an amount representing not less than 50% (previously 25%) of the profit attributable to the owners of the Company in any financial year.

One coal-fired power generating unit in each of Pu'an Power Plant and Shangqiu Power Plant, both being subsidiaries of the Company, commenced their commercial operation, contributing to an increase of the Group's attributable installed capacity by approximately 5%.

03

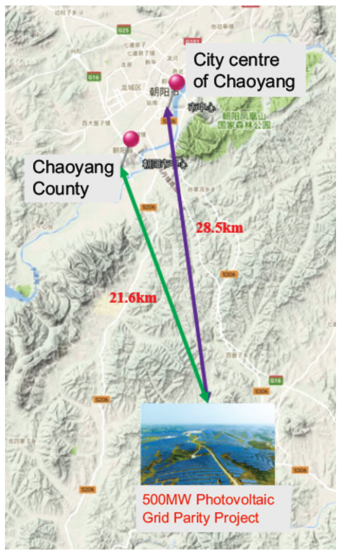
To accelerate the transformation towards a clean energy company, Wu Ling Power, a subsidiary of the Company, announced the acquisition of interests in three clean energy project companies under GCL New Energy Holdings Limited, involving photovoltaic power station projects of 280MW in aggregate.

04

China Power further reduced its interests in coal-fired power projects through the disposals of 40% equity interests in Pingwei I and 15% equity interests in Pingwei II to Huainan Mining for a total consideration of RMB531,065,960, which also helped deepen the co-development of coal and electricity businesses.

05

The Group obtained the official approval from the NDRC and the National Energy Administration for its "Liaoning Chaoyang 500MW Photovoltaic Grid Parity Project", which was enlisted as the single largest project among the first batch of photovoltaic grid parity demonstration projects in China.



06

"Liaoning Chaoyang 500MW Photovoltaic Grid Parity Project" officially commenced construction.

09

Dabieshan Power Plant, a subsidiary of the Company, was awarded the title of "Advanced Central Enterprise" by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China in recognition of its outstanding contribution to the reform, development and modernization of the country.

China Power and CPI Holding entered into a termination agreement and agreed not to proceed with the acquisitions of the entire equity interest in Guangdong Company and Sihui Company.

10

The phase I of the construction of Pingwei Power Plant, a subsidiary of the Company, was enlisted in the "Classic Project" catalog for the celebration of the 70th anniversary of the founding of the People's Republic of China.

11

Mr. TIAN Jun was appointed as the Chairman of the Board and the Risk Management Committee under the Board of China Power.

China Power was awarded the "Excellent Corporate Award for Responsible Disclosure of Information (責任信息披露卓越企業獎)" at the 6th Public Transparency Summit Forum of the PRC Electricity Industry Players (中國電力行業企業公眾透明度高峰論壇) in 2019.

12

China Power Suzhou Shared Service Co., Ltd (中電(蘇州)共享服務有限公司), a subsidiary of the Company, was awarded the Best Shared Service Center of the Year 2019 in the Chinese market by the Chartered Institute of Management Accountants (CIMA) for its outstanding performance.

Letter to Shareholders

BUSINESS REVIEW OF 2019

The year of 2019 marked the 15th anniversary of the Company's listing. Underpinned by the trust and support from the shareholders and the public for the past 15 years, the Group has achieved leaping development with the transformation from a power producer to an integrated energy service provider. The Group strived to transform into a clean energy enterprise with the proportion of attributable installed capacity of coal-fired power decreased to less than 65% from 100% upon the listing. Furthermore, its asset scale continued to expand with an increasingly robust operating efficiency. Over the years, the Company has always placed the shareholders' interests as its first priority and has been committed to sharing development achievements with its shareholders. On behalf of the Board and all staff members of the Group, I would like to extend my sincere gratitude to our shareholders and the public for their continued support.

Increased operating efficiency steadily. During 2019, the Group overcame challenges and successfully accomplished all goals and tasks for the year with steady improvement in the operating results, achieved continuous business growth. During the year, the Group strengthened its marketing efforts and actively participated in the sales of both electricity market and heat supply market to increase the sales volume of electricity and heat. By optimizing the watershed dispatchment to fully unleash the growth potential of hydropower, coupling with the contribution of newly-added generating units, the total electricity sold for the year increased by 17.75% as compared with the previous year, the total revenue increased by 19.80% as compared with the previous year, and the profit attributable to owners of the Company amounted to RMB1,284,381,000, representing an increase of 16.94% as compared with the previous year.

Promoted high-quality transformation towards a clean energy enterprise. In 2019, the Group insisted on promoting high-quality transformation towards a clean energy enterprise by devoting great efforts in developing quality clean energy projects with a focus on grid parity and competitive-bidding renewable energy projects, striving to establish highly efficient clean energy bases in regions with competitive advantages. Meanwhile, the Group continued to strictly control its capital expenditure of coal-fired power and withheld developing any new coal-fired power project other than coal-fired power projects under construction, hence focusing its resources in the development of clean energy project.

During the year under review, the 500MW photovoltaic power grid parity project in Chaoyang, Liaoning Province developed by the Group has achieved the success of "obtaining approval, construction commencement and grid connection" within the same year, which performed an outstanding exemplary role. The project is expected to put into production in 2020. At the same time, the Group has also completed the transfer of certain equity interests in Pingwei I and Pingwei II to Huainan Mining, one of the largest coal suppliers of the Group, during the year in order to further reduce its equity interests in coal-fired power enterprises. While optimizing its overall installed capacity structure, the Group also strengthened the mutual cooperation with coal suppliers, aiming to enhance the risk aversion ability of its coal-fired power business. As of the end of 2019, the Group's attributable installed capacity of clean energy reached 7,510.1 MW, accounting for 35.57%.

Pushed forward actively the development of integrated intelligent energy. The Group continued to expand the development of integrated intelligent energy and carry out the renovation of the heat supply capacity of the existing generating units with the heat supply increased by 11.92% year-on-year in 2019. Striving to explore the application of hydrogen power actively, apart from acquiring the hydrogen power cooperation plan of International Horticultural Exhibition 2019 successfully, the construction of the hydrogen refueling station demonstration project in Yanqing District, Beijing has also commenced during the year. The Group will continue to push forward the development of integrated intelligent energy projects with the target of becoming an "integrated, autonomous and intelligent enterprise with zero carbon emission".

Progressed considerably in treasury management. In 2019, by expanding financing channels and optimizing debt structure through the issuance of medium-term notes and super & short-term commercial paper, the Group has achieved substantial progress in treasury management. Overall financing costs decreased by 0.22 percentage point as compared to that at the beginning of the year. The Group also renewed the financial services framework agreement with SPIC Financial, which further ensured the availability of its funding channels.

Enhanced continuously the management system. By comprehensively promoting the establishment of "Plan-Budget-Assessment-Incentives" system, the Group formulated and improved its performance assessment system that aligned with its target plans. The Group also promoted the construction of sharing centers for finance, taxation and audit-related matters and applied big data to improve management efficiency and unleash management effectiveness.

In 2019, the Group adhered to providing a safe, green and healthy production environment, committed to both creating values for shareholders and fulfilling its social responsibilities at the same time.

OUTLOOK FOR 2020

2020 marks the conclusion of China's "13th Five-year Plan". Based on the overall plan of the Chinese government, critical achievements have been made in the major areas and key segments in respect of the supply-side structural reform, the system reform of the power industry and the reform of State-owned assets and enterprises in 2020. As the same time, a number of new policies in the energy reform have been promulgated successively, continuous innovation and breakthroughs have been seen with the technological reform in aspects such as new energy, energy storage and hydrogen power, and the integration of informationization and digitization with the energy and power industries have accelerated. The combined driving force of policy and market factors will continue to bring complexity and volatility to the power industry. In view of the internal and external environment facing opportunities amid challenges, the Group will pursue steady growth and enhance market competitiveness by capitalizing on the opportunities arising from policy, market and industry. It will also push forward further corporate reform, enhance management, promote innovation and fulfill social responsibilities to forge ahead the high-quality development into a new level.

In 2020, the Group will focus on the following directions and major tasks of development: further breakthroughs in operating level, step up our efforts in transformation and development, enhance developments in reforms and innovations, and elevate our efforts in sustainable development.

At the beginning of 2020, there was an outbreak of novel coronavirus epidemic in various countries and regions around the world. Hubei Company and Dabieshan Power Plant, both being subsidiaries of the Group, are located in Hubei Province which have been severely affected by the epidemic. Nevertheless, the Group made an all-out effort to protect the health of its staff, at the same time maintaining the stable operation of its power generating units to minimize the impacts of the epidemic by strictly implementing the prevention and control measures. In order to support the local government, all staff members of the Group have participated in the charitable fundraising activity and made donation to Macheng, Hubei Province where Dabieshan Power Plant is located, to fight against the epidemic together with the community.

Currently, with the epidemic basically under control in Mainland China, the production and operation have been restored in an orderly manner. The Group will continue to actively make deployments to enhance its prevention and control efforts by adhering to the people-oriented principle, striving to accomplish all the operation targets and to achieve sustainable development and upgrade.

With the support and attention of the shareholders and the general public, the Group will adhere to the established strategy and pursue innovation and progress, so as to reward our shareholders and contribute to the society with outstanding results!

TIAN Jun
Chairman

26 March 2020

DIRECTORS

Mr. TIAN Jun

Chairman of the Board
Executive Director
President
Chairman of the Risk Management Committee
Chairman of the Executive Committee

TIAN Jun, born in 1966, joined the Group in 2017. Mr. TIAN is a senior engineer at professor level and has a master of engineering degree from Taiyuan University of Technology. Mr. TIAN previously served as a director and the general manager of CPI Holding and State Power Investment Corporation Yuanda Environmental Protection Co., Ltd., the general manager of Hejin Power Branch of Zhangze Electric Power Co., Ltd., the deputy general manager and the chief engineer of CPI Power Operation Co., Ltd., the deputy general manager of CPI Xinjiang Energy Co., Ltd., the deputy director of Safety and Environmental Protection Supervision Department of China Power Investment Corporation ("CPIC").

Mr. GUAN Qihong

Non-executive Director

GUAN Qihong, born in 1962, joined the Group in 2008. Mr. GUAN is a senior economist and a senior auditor and has a bachelor degree in engineering from Huazhong Institute of Technology, a master degree in economics from Zhongnan University of Economics and a doctoral degree in economics from Xiamen University. Mr. GUAN is currently the chief capital market officer of SPIC and a director of CPI Holding. He previously served as a director of SPIC Financial, the commissioner of Asset Assessment Centre of National Asset Management Bureau, the deputy secretary-general of China Appraisal Society, the assistant to the head of Finance and Property Ownership Management Department of the State Power Corporation of China, the chief economist of State Grid Shenzhen Energy Development Group Co., Ltd. and the supervisor of Capital Market and Equity Department of CPIC.

Mr. WANG Xianchun

Non-executive Director

WANG Xianchun, born in 1962, joined the Group in 2017. Mr. WANG is a senior engineer and has a bachelor degree in power facilities for hydropower plant from Wuhan University of Water and Power Resources. Mr. WANG is currently a director of CPI Holding, a special duty director and supervisor of SPIC, a director of Shanghai Power and a chief supervisor of Jilin Electric Power Co., Ltd.. He previously served as the deputy manager of Planning and Development Department of CPIC, the supervisor of Integrated Industry Department of CPIC, the general manager of the branch company of CPIC in Southern China, an executive director and the general manager of CPI Southern Power Co., Ltd. and an executive director of Guangdong Company.

Mr. KWONG Che Keung, Gordon

Independent Non-executive Director
Chairman of the Audit Committee
Member of the Remuneration and Nomination Committee
Member of the Risk Management Committee

KWONG Che Keung, Gordon, born in 1949, joined the Group in 2004. Mr. KWONG is currently an independent non-executive director of a number of companies listed in Hong Kong and overseas, including NWS Holdings Limited, Global Digital Creations Holdings Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, FSE Services Group Limited and Piraeus Port Authority S.A.. Mr. KWONG was a partner of Pricewaterhouse from 1984 to 1998 and was a council member of the Hong Kong Stock Exchange from 1992 to 1997. Mr. KWONG has a bachelor of social science degree from The University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and Hong Kong Institute of Certified Public Accountants.

Mr. LI Fang

Independent Non-executive Director
Chairman of the Remuneration and Nomination Committee
Member of the Audit Committee
Member of the Risk Management Committee

LI Fang, born in 1962, joined the Group in 2004. Mr. LI has a bachelor degree in mechanical engineering from University of Science and Technology Beijing and a juris doctoral degree from the College of Law of Arizona State University in the United States in 1995. Mr. LI has extensive experience in business management and corporate finance. He previously served as an executive director of Goldman Sachs (Asia) L.L.C. and a lawyer with Davis Polk and Wardwell LLP in the United States.

Mr. YAU Ka Chi

Independent Non-executive Director
Member of the Remuneration and Nomination Committee
Member of the Audit Committee
Member of the Risk Management Committee

YAU Ka Chi, born in 1958, joined the Group in 2016. Mr. YAU has over 30 years of professional accounting services experience, among which 20 years of experience in serving China enterprises. He had worked for Ernst & Young in its Hong Kong, Toronto and Beijing offices with primary focus in providing professional services in accounting and audit, initial public offering, and corporate restructuring before retiring in September 2015. During his professional career with Ernst & Young, Mr. YAU had been appointed as the professional practice director of Greater China, the assurance leader for China North Region, the oil & gas industry leader of Greater China and the assurance leader of the Energy & Resources Markets Segment of Greater China. Mr. YAU is currently an independent non-executive director of Yihai International Holding Ltd. and China Mengniu Dairy Company Limited, both companies are listed on the Main Board of the Hong Kong Stock Exchange.

Mr. YAU holds a professional diploma in company secretaryship and administration from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and is a member of the American Institute of Certified Public Accountants, the Illinois CPA Society and the Hong Kong Institute of Certified Public Accountants. Mr. YAU also holds a certified public accountant license issued by the Illinois Department of Financial and Professional Regulation, the United States.

SENIOR MANAGEMENT

Mr. HUANG Yuntao

Vice President

HUANG Yuntao, born in 1965, is a senior engineer and has a bachelor degree in power system and automation from Hefei University of Technology. He participated in the works of the Group's power plants prior to the Company's listing in 2004. Mr. HUANG previously served as the general manager of Information Technology Department of CPI Holding and Wuhu Power Plant, the chief human resources officer of the Company and CPI Holding, and the deputy general manager of CPI Holding.

Mr. HE Lianhui

Chief Accountant

HE Lianhui, born in 1970, is a senior accountant and has a master degree in accounting from Dongbei University of Finance and Economics. Mr. HE also acts as a supervisor of SPIC Financial. He joined the Group in 2008. Mr. HE previously served as the chief accountant of Jilin Power Supply Bureau, the deputy head of Finance Department of Jilin Province Electric Power Company Limited, the financial controller of the Company, Wu Ling Power, the Hunan Branch of CPIC and CPI Holding.

Mr. SUN Guigen

Vice President

SUN Guigen, born in 1966, is a senior engineer and has an executive master of business administration degree from Shanghai University of Finance and Economics. He participated in the works of the Group's power plants prior to the Company's listing in 2004. Mr. SUN previously served as the general manager of Dabieshan Power Plant, the chairman of Fuxi Power Plant, the deputy chairman of Changshu Power Plant, the chief engineer of the Company and CPI Holding, and the deputy general manager of CPI Holding.

Mr. ZENG Xuefeng

Vice President

ZENG Xuefeng, born in 1976, is a senior engineer and has a bachelor degree in thermal power engineering and a master degree in power engineering from Shanghai Jiao Tong University. He joined the Group in 2016. Mr. ZENG served as the deputy general manager of Huaihu Coal Power Co., Ltd. and the factory director of Tianji Power Plant, the head of the General Office of Shanghai Power, the general manager of Shanghai-Electric-Power Caojing Power (Shanghai) Co., Ltd., the secretary of the disciplinary commission of SPIC, the secretary of the disciplinary commission and the chairman of labour committee of CPI Holding.

Mr. PEI Wenlin

Vice President

PEI Wenlin, born in 1975, is a senior engineer and has a master degree in hydraulic and structural engineering from Tsinghua University. He joined the Group in 2019. Mr. PEI previously served as the commissioner of Market Development Division of International Business Department of CPIC, the head of Planning Development and Integrated Industry Department, Engineering Department and New Energy and International Business Department, the deputy chief engineer and the deputy general manager of Wu Ling Power, and the deputy general manager of Hunan Branch of SPIC.

Ms. XU Wei

Vice President

Chief Legal Advisor

XU Wei, born in 1973, holds a bachelor degree in law from China University of Political Science and Law, a master degree in law from Peking University and a lawyer qualification in China. She joined the Group in 2004. Ms. XU previously served as the head of the General Office of the Board of Directors and the general manager of Legal Affairs Department of the Company and CPI Holding, the deputy general manager and chief legal advisor of CPI Holding.

Mr. XUE Xinchun

Vice President

XUE Xinchun, born in 1966, is a senior engineer and has a master degree in electrical engineering from Southeast University. He participated in the works of the Group's power plants prior to the Company's listing in 2004. Mr. XUE previously served as the general manager of Liaoning Qinghe Electric Power Company Limited, Wuhu Power Plant and China Power Hua Chuang Electric Power Technology Research Company Limited and Beijing China Power Huizhi Technology Company Limited, the general manager of Technology and Information Department of the Company and CPI Holding, and the chief engineer of CPI Holding.

Mr. FU Jinsong

Vice President

FU Jinsong, born in 1974, is an economist and holds a master degree in administration and management from Sun Yat-Sen University and a certified enterprise legal adviser qualification in China. He joined the Group in 2018. Mr. FU previously served as the policy research manager of Policy Planning and Legal Department of State Nuclear Technology Corporation, a seconded research consultant of Bureau of Enterprise Reform of State-owned Assets Supervision and Administration Commission of the State Council, the deputy general manager of Policy Planning and Intellectual Property Department of SPIC and CPI Holding.

COMPANY SECRETARY

Ms. CHEUNG Siu Lan

Company Secretary

CHEUNG Siu Lan is a fellow member of The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators in the United Kingdom, Hong Kong Institute of Certified Public Accountants and CPA Australia. She has a bachelor degree in commerce from The University of Queensland, Australia and obtained a master degree in professional accounting and a postgraduate diploma in corporate administration from The Hong Kong Polytechnic University. Ms. CHEUNG previously served as the company secretary and the group financial controller of a listed group in Hong Kong. She has extensive experience in the fields of corporate governance, corporate finance and mergers and acquisitions.

BUSINESS REVIEW

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

In 2019, the national total electricity consumption in China rose by 4.5% as compared with the previous year, representing a drop of 4 percentage points in growth rate year-on-year. The national power generation recorded an increase of 4.7% as compared with the previous year, among which, hydropower, wind power and photovoltaic power grew by 5.7%, 10.9% and 26.5% respectively as compared with the previous year; while coal-fired power increased by 2.4% as compared with the previous year, which is lower than the growth rate of the national power generation. As of the end of 2019, the national power generation installed capacity grew by 5.8% year-on-year with a continuous slowdown in growth rate, of which the installed capacity of non-fossil energy power generation accounted for 62.8% of the additional power generation installed capacity, maintaining the rapid development trend of clean energy.

In 2019, the production and operation of the Group remained stable with a continuous growth in its operating results. Benefitted from the significant increase in profit from hydropower, continuously improving performance of the clean energy business at a fast pace and considerable results achieved in cost reduction and efficiency enhancement measures for coal-fired power, the profit attributable to owners of the Company amounted to RMB1,284,381,000, representing an increase of 16.94% as compared with the previous year. Excluding the one-off impairment and loss on disposal, the profit attributable to owners of the Company amounted to RMB1,942,430,000. Basic earnings per share was approximately RMB0.13. As at 31 December 2019, net assets per share (excluding non-controlling interests) was RMB3.09.

During the year under review, the development of the Group's principal businesses was as follows:

With a view to capitalizing on the opportunities arising from the national policy in relation to grid parity, the Group took the lead to promote and develop "Grid Parity" and "Competitive-Bidding" clean energy projects with economic benefits in response to the trend of subsidies reduction policy. In 2019, the Group successfully obtained the approval for the "Liaoning Chaoyang 500MW Photovoltaic Grid Parity Project", which is not only the single largest project among the first batch of photovoltaic grid parity demonstration projects in China, but also served as an outstanding exemplary project for the new policy with grid connection completed during the same year.

The grid connection with "Liaoning Chaoyang 500MW Photovoltaic Grid Parity Project"

"Top Runner" photovoltaic power projects of Datong Phase II

All of the four "Top Runner" photovoltaic power projects of Datong Phase II with an installed capacity of 100MW each in Shanxi Province, the PRC, which were acquired by the Group through a tendering process, have officially commenced commercial operation.

The Group also optimized its asset structure through acquisitions of quality clean energy projects and partial disposal of its equity interests in coal-fired power projects. In April 2019, Wu Ling Power, a subsidiary of the Group, completed the acquisitions of 55% equity interests in each of the three companies engaging in the business of photovoltaic power generation, namely Jiangling GCL, Xin'an GCL and Ruzhou GCL. During the same month, the Group disposed of part of its interests in two coal-fired power plants, namely Pingwei I and Pingwei II, to Huainan Mining, one of the main coal and fuel suppliers of the Group. The transaction would help deepen the co-development of coal and electricity businesses as well as establish a collaboration mechanism for sharing both benefits and risks between the parties, hence enhancing the risk resistance capability of our coal-fired power segment.

The Group also actively tapped into the integrated intelligent energy business by continuously exploring other industries related to hydrogen power, heat supply and energy services with a view to broadening its source of income. The hydrogen power cooperation plan of International Horticultural Exhibition 2019 and the hydrogen refueling station demonstration project in Yanqing District, Beijing have laid a solid foundation for the Group's development of hydrogen power.

Positive progress has been made in financial and treasury management of the Group. In 2019, the Group issued medium-term notes of RMB2 billion and super & short-term commercial paper of RMB500 million in the PRC. Certain subsidiaries also gradually replaced high-interest rate bank loans with lower interest ones, resulting in a decrease of 0.22 percentage point in overall financing costs as compared with the beginning of the year. Capitalizing on the downward adjustment of the value-added tax rate in April 2019, the Group arranged all its business units to enter into supplemental agreements with suppliers, thereby taking the opportunity to reduce the contract price and hence lower the cost directly.

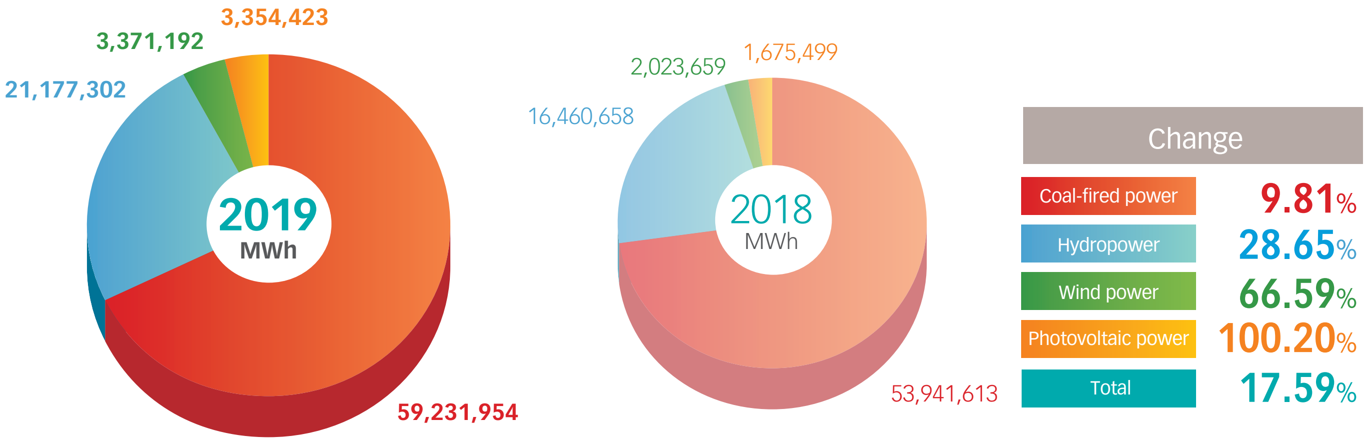
The Group placed great emphasis on environmental protection and actively fulfilled its social responsibilities. In 2019, the Group pushed ahead with the inspection and management of ecological and environmental protection issues in an orderly manner while the technical upgrade for the environmental protection facilities in its coal-fired power plants was completed as planned. The Group has implemented various requirements of the safety management system to maintain its good standing of "zero accident".

On-site inspection

Power Generation and Electricity Sold

The details of power generation and electricity sold of the Group are set out as follows:

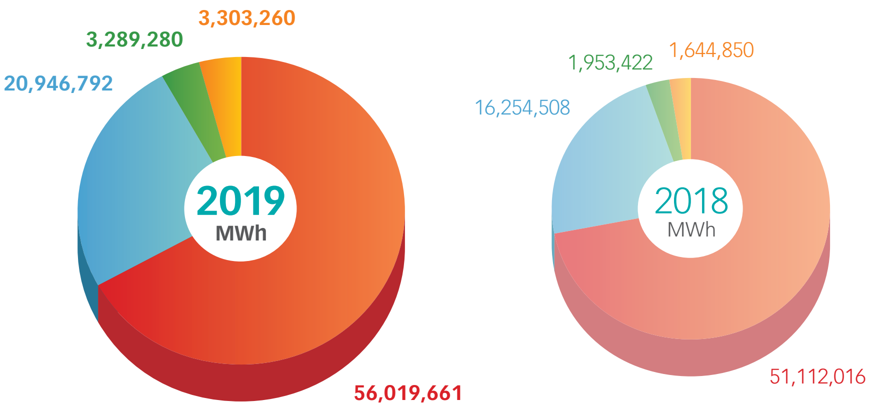
Total power generation



Total: 87,134,871MWh

Total: 74,101,429MWh

Total electricity sold



Total: 83,558,993MWh

Total: 70,964,796MWh

Change	
Coal-fired power	9.60%
Hydropower	28.87%
Wind power	68.39%
Photovoltaic power	100.82%
Total	17.75%

In 2019, the total electricity sold by the Group amounted to 83,558,993MWh, representing an increase of 17.75% as compared with the previous year. The changes in electricity sold by each power segment as compared with the previous year are as follows:

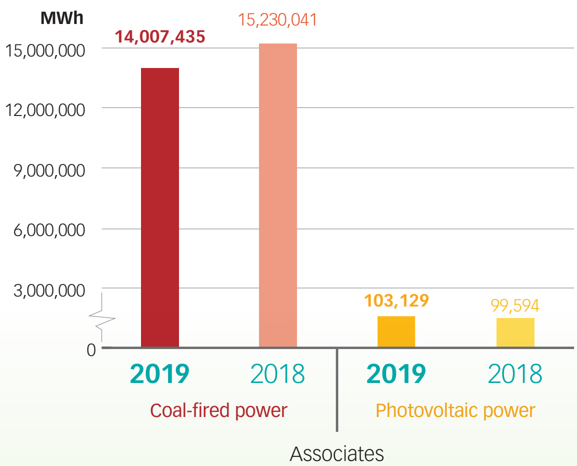
- coal-fired power — the electricity sold increased by 9.60% as a result of the commencement of commercial operation of two new large-scale coal-fired power generating units in Pu'an Power Plant and Shangqiu Power Plant during the year.

- hydropower — an increase of 28.87% in electricity sold due to the abundant rainfall in the river basins during the year where most of the Group's hydropower plants are located, coupled with the positive impact of the full consolidation of hydropower generation from Guangxi Company.

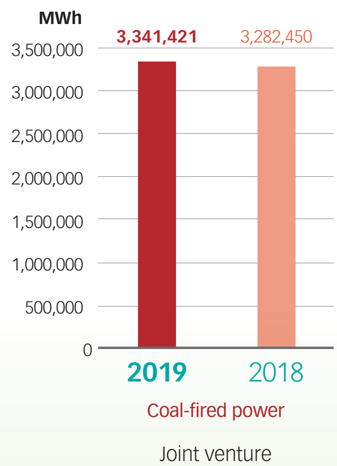
- wind power and photovoltaic power — benefitted from the full consolidation of newly acquired project companies and the commencement of commercial operation of numerous new power generating units during the year, the electricity sales of wind power and photovoltaic power recorded significant year-on-year increases of 68.39% and 100.82%, respectively.

In 2019, the Group also achieved satisfactory performance in gaining incentive electricity from local governments. In recognition of the fulfilment of certain specific targets required by the local governments in respect of environmental protection, heat supply capacity and productivity of certain power generating units, the amount of various incentive electricity available for production accumulatively obtained by the Group increased during the year as compared with the previous year.

The details of electricity sold of the Group's main associates and joint venture are set out as follows:



Change	
Associates	
Coal-fired power	-8.03%
Photovoltaic power	3.55%
Joint venture	
Coal-fired power	1.80%



Heat Sold

In order to strongly support the existing environmental policies promulgated by the PRC government, the Group has carried out in-depth exploration of the heat supply potentials in various regions, strengthened the development of heat user base and promoted the construction of centralized heating pipe networks in recent years, thereby achieving satisfactory results in terms of energy efficiency upgrade and development of heat supply market. In 2019, the total heat sold by the Group (including an associate and two joint ventures) was 20,683,649GJ, representing an increase of 2,203,309GJ or 11.92% as compared with the previous year.

In an effort to boost heat supply capacity, two subsidiaries of the Group are carrying out technical upgrade for the heating system of four generating units in total, which were expected to be completed in 2021.

Direct Power Supply

The Group has played an active role in the market-oriented reform of national power industry, analyzed the opportunities therein and participated in direct power supply transactions (including competitive bidding for on-grid electricity sales) with a view to securing market share. Subsidiaries in different provinces also established their electricity sales center to increase the number of trading partners. A subsidiary invested in the electricity trading center in the province where the subsidiary is located and participated in the formulation of rules of the electricity market, so that it can stay abreast of the market and policy development and develop its competitive edge in the regional market.

In 2019, a number of coal-fired power plants and clean energy power plants of the Group participated in direct power supply transactions, the electricity sold through direct power supply transactions amounted to 32,641,048MWh and 5,868,884MWh respectively, together accounted for approximately 46.09% of the Group's total electricity sold.

In 2019, for those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions, their average post-tax tariffs were at a discount of approximately 7.87% and 4.66% respectively compared with the respective average post-tax on-grid tariffs approved by the PRC government (including ultra-low emission tariff). The direct power supply tariff discount for coal-fired power was slightly lower than that of 2018.

Average On-Grid Tariffs

2019 Hydropower was
RMB271.46/MWh
↓ 3.35%
RMB280.86/MWh (2018)

2019 Wind power was
RMB485.01/MWh
↑ 4.63%
RMB463.55/MWh (2018)

2019 Photovoltaic power was
RMB628.25/MWh
↓ 7.34%
RMB677.98/MWh (2018)

2019 Coal-fired power was
RMB328.57/MWh
↑ 1.23%
RMB324.57/MWh (2018)

As compared with 2018, the changes in the average on-grid tariff of each power segment were mainly due to the following factors:

- hydropower — the successive reductions of on-grid tariff of hydropower in Hunan Province on 1 September 2018 and 1 July 2019 promulgated by the Development and Reform Commission of Hunan Province, as well as the decrease in average tariff of direct power supply as compared with the previous year.

- wind power — despite the consolidation of new wind power project companies and some newly operating wind power plants of the Group with relatively higher average on-grid tariffs during the year, the increase during the year was partially offset by the impact of discounting the subsidies for new energy to their present values.

- photovoltaic power — the similar impact of discounting the subsidies for new energy to their present values, and the reduction of the on-grid tariff of photovoltaic power projects which commenced operation after 31 May 2018 as promulgated by the National Development and Reform Commission (the "NDRC").

- coal-fired power — the increase in average post-tax tariff of coal-fired power due to the downward adjustment of value-added tax rate, as well as the decrease in tariff discount of direct power supply as compared with the previous year.

The Group continued to closely monitor and strengthen the research on green energy tariff policies in order to actively seek for more green energy tariff subsidies and hence increase revenue.

Unit Fuel Cost

In 2019, the average unit fuel cost of the Group's coal-fired power business was RMB208.11/MWh, representing a decrease of 3.48% from that of RMB215.62/MWh of the previous year.

2019 Average unit fuel cost was
RMB208.11/MWh
↓ 3.48%
RMB215.62/MWh (2018)

In 2019, the domestic supply and demand for coal reached equilibrium in general. With the accelerated investment in the capacity of quality coal, coupled with the enhancement of its capability of transporting the coal from northern regions to the south due to the commencement of operation of Haoji Railway, the problem of insufficient coal resources in Jiangxi region was alleviated, while the overall coal price recorded a downward trend with fluctuations as a result of various factors such as prioritised power generation of clean energy and lower-than-expected demand for electricity. In November of the same year, the NDRC published the "Notice on Advancing the Work of Signing and Performing Medium-and-Long Term Coal Contracts in 2020 (《關於推進2020年煤炭中長期合同簽訂履行有關工作的通知》)", pursuant to which, both the coal and power industries shall continue to negotiate and determine the annual medium- and long-term contract prices in accordance with the pricing mechanism of "Benchmark Price + Floating Price". In respect of the benchmark price, the benchmark price under seaborne coal contracts was determined through negotiation between the parties after taking into account the supply and demand of the market, and in the event of disagreement, determined according to the rate in 2019.

Coal Consumption

In 2019, the net coal consumption rate of the Group was 301.82g/kWh, representing a decrease of 0.59g/kWh as compared with the previous year. The existing coal-fired power generating units of the Group are mostly environmental friendly power generating units with large capacity and high parameter. These units have achieved substantial effects in energy saving and emission reduction with the net coal consumption rate maintained at a lower level.

2019 Net coal consumption rate was
301.82g/kWh
↓ 0.59g/kWh
302.41g/kWh (2018)

Average Utilization Hours of Power Generating Units

2019 Hydropower was
3,882 hours
↑ 23.32%
3,148 hours (2018)

2019 Wind power was
2,058 hours
↑ 4.63%
1,967 hours (2018)

2019 Photovoltaic power was
1,383 hours
↓ 1.07%
1,398 hours (2018)

2019 Coal-fired power was
4,391 hours
↓ 4.23%
4,585 hours (2018)

As compared with 2018, the changes in average utilization hours of power generating units of each power segment were mainly attributable to the following factors:

- hydropower — the increase in power generation as a result of the increase in the amount of rainfall in the river basins where most of the Group's hydropower plants are located.
- wind power — the higher average utilization hours of the newly consolidated and newly operating generating units.
- photovoltaic power — the combined effects of the lighting conditions and the increase of photovoltaic power curtailment rate of power stations in certain districts.
- coal-fired power — the slowdown of growth rate of total national electricity consumption year-on-year and the relatively significant growth in the consumption of green energy, which squeezed the demand for coal-fired power.

OPERATING RESULTS OF 2019

In 2019, the net profit of the Group amounted to RMB2,201,150,000, representing an increase of RMB563,965,000 or 34.45% as compared with the previous year.

In 2019, the net profit and loss of each business segment and their respective ratios of contribution to the total net profit were as follows:

- net profit from hydropower was RMB699,707,000 (31.79%, 2018: 51.91%);
- net profit from wind power was RMB514,570,000 (23.38%, 2018: 13.17%);
- net profit from photovoltaic power was RMB617,314,000 (28.04%, 2018: 24.85%);
- net profit from coal-fired power was RMB553,620,000 (25.15%, 2018: 31.60%); and
- unallocated net loss was RMB184,061,000 (-8.36%, 2018: -21.53%).

As compared with 2018, the changes in net profit were mainly due to the following factors:

- Revenue from hydropower increased by RMB1,120,809,000 as a result of the significant increase in electricity sales of hydropower;
- Revenue from wind power and photovoltaic power increased by RMB1,649,930,000 in aggregate due to the commencement of commercial operation of various new power generating units and the full consolidation of newly acquired project companies;
- Revenue from coal-fired power increased by RMB1,816,922,000, which was attributable to the increase in electricity sales and the rise of the average on-grid tariff of coal-fired power as compared with the previous year;
- Fuel costs increased by RMB637,331,000 as a result of the increase in fuel consumption due to the growth in sales of coal-fired power;
- Depreciation of property, plant and equipment and right-of-use assets, staff cost and repair and maintenance expenses increased by RMB1,457,391,000 in aggregate as a result of business expansion, newly acquired project companies and addition of power generating units;
- Finance costs increased by RMB587,627,000 as a result of the increase in total debts level; and
- One-off impairment and loss on disposal of assets increased by RMB1,064,022,000.

Revenue

The revenue of the Group was derived from the sales of electricity to regional and provincial power grid companies and the provision of alternative power generation while the Group recognized its revenue when its performance obligations have been satisfied. In 2019, the Group recorded a revenue of RMB27,763,287,000, representing an increase of 19.80% as compared with RMB23,175,626,000 of the previous year.

The significant increase in revenue was mainly attributable to the aggregate year-on-year increase of RMB2,937,731,000 in revenue from hydropower and coal-fired power as a result of the increases of 28.87% and 9.60% in their electricity sales, respectively. The revenue of wind power and photovoltaic power have also recorded increases due to the commencement of commercial operation of various new power generating units and the full consolidation of newly acquired project companies.

Segment Information

The reportable segments identified by the Group are now the "Coal-fired electricity", "Hydropower electricity", "Wind power electricity" and "Photovoltaic power electricity".

Operating Costs

Operating costs of the Group mainly consist of fuel costs for coal-fired power generation, repair and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, consumables and other operating expenses.

In 2019, the operating costs of the Group amounted to RMB22,567,558,000, representing a rise of 16.20% as compared with RMB19,421,256,000 of the previous year. The increase in operating costs was mainly due to the rising fuel cost as a result of the increase in electricity sales of coal-fired power, and the increase in depreciation and staff costs resulting from the commencement of operation of numerous new power generating units and the consolidation of newly acquired project companies.

Operating Profit

In 2019, the Group's operating profit was RMB5,481,339,000, representing an increase of 24.17% as compared with RMB4,414,341,000 of the previous year. The increase in operating profit was mainly due to the profit contribution from the continuous expansion of the wind power and photovoltaic power business segments.

Finance Costs

In 2019, the finance costs of the Group amounted to RMB3,165,881,000, representing an increase of 22.79% as compared with RMB2,578,254,000 of the previous year. The increase in interest expense was mainly due to the rise of debts level.

Share of Results of Associates

In 2019, the share of results of associates was profits of RMB224,704,000, representing an increase of RMB110,243,000 or 96.31% as compared with RMB114,461,000 of the previous year. The increase in profits was mainly attributable to the steady growth in the heat sold of Changshu Power Plant (the principal associate of the Group engaging in coal-fired power generation and heat supply) over the previous year as well as the decrease in unit fuel cost during the year.

Share of Results of Joint Ventures

In 2019, the share of results of joint ventures was profits of RMB25,475,000, representing an increase in profits of RMB31,921,000 as compared with the share of losses of RMB6,446,000 of the previous year. The increase in profits was mainly due to the increase in net profit as a result of the reduced unit fuel cost of Xintang Power Plant (the principal joint venture of the Group engaging in coal-fired power generation and heat supply).

Income Tax Expense

In 2019, income tax expense of the Group was RMB513,013,000, representing an increase of RMB80,250,000 as compared with RMB432,763,000 of the previous year.

As the Group actively strived for various preferential tax policies, such as "3+3 Years Tax Holiday（三免三減半）" and "China's Western Development Program", the income tax incentives received by the Group during the year amounted to approximately RMB295 million.

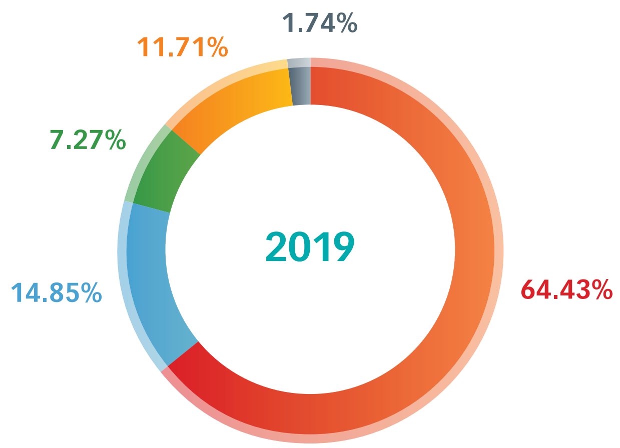
Earnings per Share and Final Dividend

In 2019, the basic earnings per share for profit for the year attributable to owners of the Company was RMB0.13 (2018: RMB0.11).

At the Board meeting held on 26 March 2020, the Board recommended the payment of a final dividend for the year ended 31 December 2019 of RMB0.13 (equivalent to HK$0.1426 at the exchange rate announced by the People's Bank of China on 26 March 2020) per ordinary share (2018: RMB0.11 (equivalent to HK$0.1292) per ordinary share), totaling RMB1,274,895,000 (equivalent to HK$1,398,462,000) (2018: RMB1,078,757,000 (equivalent to HK$1,267,050,000)), which is based on 9,806,886,321 shares (2018: 9,806,886,321 shares) in issue on 26 March 2020 (2018: 21 March 2019).

The Group announced a revised dividend policy in January 2019. According to the policy, the Company may declare and distribute annual cash dividends to its shareholders in an amount representing not less than 50% (previously 25%) of the profit attributable to owners of the Company in any financial year, subject to the criteria stipulated in the policy.

ATTRIBUTABLE INSTALLED CAPACITY



Attributable Installed Capacity	2019 MW
Coal-fired power	13,603.1
Hydropower	3,134.1
Wind power	1,535.5
Photovoltaic power	2,472.9
Natural gas power	367.6

As at 31 December 2019, the attributable installed capacity of the Group's power plant reached 21,113.2MW, representing a year-on-year increase of 1,381.6MW. In particular, the attributable installed capacity of clean energy, including hydropower, wind power, photovoltaic power and natural gas power, was 7,510.1MW in total, accounting for approximately 35.57% of the total attributable installed capacity and representing an increase of 2.69 percentage points as compared with the previous year. The attributable installed capacity of the Group's existing natural gas power was wholly held by Shanghai Power.

During the year under review, the Group's attributable installed capacities from new wind power plants and photovoltaic power stations that commenced commercial operation were 251.9MW and 523.6MW respectively.

The Group's new power generating units that commenced commercial operation during the year included:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Timeline for Commercial Operation
Shangqiu Power Plant	Cogeneration of heat and power	350	100	350	January 2019
Pu'an Power Plant	Coal-fired power	660	95	627	January 2019
Mawo Power Plant	Hydropower	32	63	20.2	January 2019
Luoshuidong Power Plant	Hydropower	35	63	22.1	December 2019
Anqiu Hengtai	Wind power	39.6	51	20.2	January 2019
Jiudingshan Power Plant	Wind power	62.5	70	43.8	March 2019
Lianyuan Longshan Power Plant	Wind power	3.9	44.1	1.7	April 2019
Ziyunshan Power Plant	Wind power	24	44.1	10.6	April 2019
Shangjiangxu Power Plant	Wind power	22	44.1	9.7	April 2019
Dezhou Tianrui	Wind power	50	98.7	49.4	July 2019
Lingchuan Wind Power	Wind power	60	100	60	September and December 2019
Dahuaishan Power Plant	Wind power	40	84.2	33.7	December 2019
Xing'an Wind Power	Wind power	24	95	22.8	December 2019
Guangshui Chenxiang Power Station	Photovoltaic power	9.1	100	9.1	January to November 2019
Zuoyun Power Station	Photovoltaic power	100	100	100	January 2019
Datong CP	Photovoltaic power	200	100	200	January to October 2019
Xiaochang Power Station	Photovoltaic power	6.7	70	4.7	January and February 2019
Hanchuan Power Station	Photovoltaic power	17.3	100	17.3	January to April 2019
Small photovoltaic station under Anhui Company	Photovoltaic power	9	51	4.6	February 2019
Small photovoltaic stations under Hubei Company	Photovoltaic power	7.6	~70-100	6.7	March to October 2019
Small photovoltaic stations under Shandong Company	Photovoltaic power	33.4	~51-100	25.9	April to May 2019
Hunyuan Power Station	Photovoltaic power	100	100	100	June 2019
Shuocheng District Power Station	Photovoltaic power	50	100	50	December 2019
Zhongchuliang Power Station	Photovoltaic power	12	44.1	5.3	December 2019
Total		**1,948.1**		**1,794.8**	

Note: Apart from the above additional power generating units, as compared to the previous year, the Group recorded a net increase in attributable installed capacity of 1,381.6MW after taking into account the followings: (i) the attributable installed capacity of 139.6MW in aggregate from the acquisitions of new project companies; (ii) the decrease in attributable installed capacity of 696.0MW due to changes in equity interests in certain power plants; (iii) the decrease in attributable installed capacity of 9.8MW due to the shutdown of a hydropower plant under Wu Ling Power; (iv) the additions of installed capacity of Sujin Energy; and (v) the changes in the installed capacity of Shanghai Power.

PROJECTS UNDER CONSTRUCTION

As at 31 December 2019, the attributable installed capacity of the projects under construction was 5,409.8MW, among which, the attributable installed capacity of coal-fired power and clean energy segments were 2,673.2MW and 2,736.6MW respectively. The clean energy segments accounted for 50.59% in aggregate. Wu Ling Power continued to make progress in the 500MW expansion project of Wu Qiang Xi Power Plant, which further reinforced the Group's leading position in the hydropower industry in Hunan Province.

The 500MW expansion project of Wu Qiang Xi Power Plant

NEW DEVELOPMENT PROJECTS

In active response to the national supply-side reform in the power industry, the Group seized various development opportunities, stepped up its efforts in conducting research and development of clean energy projects, such as offshore wind power and photovoltaic power generation, at parity rate, at the same time closely monitoring the development trend of natural gas power to identify and implement profitable projects steadily. It also made appropriate adjustments to the development and construction of coal-fired power projects and controlled the relevant capital expenditure. For coal-fired power projects under construction, the Group has obtained approval from the local governments in the PRC, progressed according to the government's stipulated construction schedule, and matched with the planning of electricity demand in places where the end-users are located.

In May 2019, the Group obtained the official approval from the NDRC and the National Energy Administration, and its "Liaoning Chaoyang 500MW Photovoltaic Grid Parity Project" was enlisted as one of the first batch of national photovoltaic grid parity trial projects. Despite the lack of government subsidies, the project has received land lease incentives, and hence the operating costs are expected to be reduced significantly. Besides, pursuant to the "Notice on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power without Subsidies (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》)", the power grid companies will prioritize the power generation, ensure protective buyouts of all the power generated, and guarantee a fixed tariff for the project for at least 20 years. It is expected that the project will bring stable income and sound economic benefits and play an exemplary and leading role in the market.

The Group also actively tapped into the integrated intelligent energy business by continuously exploring other industries such as hydrogen power, heat supply and energy services in order to broaden the source of income. Hubei Company has entered into agreements with Wuhan and Xiangyang in respect of the joint development of hydrogen power, incremental distribution networks and integrated intelligent energy. Wu Ling Power also successfully won the tender of incremental power distribution pilot project in the Changsha Hi-Tech Industrial Development Zone and was entitled to the planning and pre-emptive right for the development of integrated intelligent energy project in Xiangjiang New District, which was in line with the Group's orientation for development of integrated intelligent energy.

Currently, the total installed capacity of new projects of the Group at a preliminary development stage (including projects with applications submitted to the PRC government for approval) is approximately 2,300MW, which are mainly clean energy projects (including natural gas power projects) primarily located in areas with development potentials, including Hubei, Hunan, Ningxia and Jiangsu.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2019, the carrying amount of equity instruments at fair value through other comprehensive income was RMB3,362,808,000, accounting for 2.40% of total assets, including listed equity securities of RMB2,924,502,000 and unlisted equity investments of RMB438,306,000.

Listed equity securities represented the equity interests in Shanghai Power held by the Group. As at 31 December 2019, the Group held 13.88% of the issued share capital of Shanghai Power, the A shares of which are listed on the Shanghai Stock Exchange. Fair value of such equity interests decreased by 0.62% as compared with RMB2,942,667,000 as at 31 December 2018.

Unlisted equity investments represented the Group's investment in equity of some unlisted companies principally engaged in financial services, coal production, water supply and electricity trading services respectively. As at 31 December 2019, the aggregate fair value of unlisted equity investments owned by the Group was RMB455,785,000 (including an unlisted equity investment in the PRC as part of a disposal group classified as held for sale), representing an increase of 185.39% from RMB159,706,000 as at 31 December 2018. The increase was mainly due to capital injection into Huainan Mining by a subsidiary of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS

In March 2019, Wu Ling Power entered into three share transfer agreements with two independent third party companies respectively to acquire 55% of the equity interests in each of the three clean energy project companies. For details, please refer to the announcement of the Company dated 28 March 2019.

In April 2019, the Company disposed of part of its interests in two coal-fired power subsidiaries held by the Company, i.e. 40% equity interests in Pingwei I and 15% equity interests in Pingwei II, through the Shanghai United Assets and Equity Exchange, pursuant to which the Company agreed to sell the above equity interests to Huainan Mining. For details, please refer to the announcement of the Company dated 11 April 2019.

Save as disclosed above, the Group did not have any other material acquisitions or disposals during the year under review.

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 31 December 2019, cash and cash equivalents of the Group were RMB1,238,290,000 (31 December 2018: RMB1,853,044,000). Current assets amounted to RMB8,352,076,000 (31 December 2018: RMB8,793,641,000), current liabilities amounted to RMB32,436,962,000 (31 December 2018: RMB26,012,138,000) and current ratio was 0.26 (31 December 2018: 0.34).

In April 2019, the Company renewed the Financial Services Framework Agreement with SPIC Financial for a term of three years, pursuant to which SPIC Financial has agreed to continue to provide the Group with deposit services, settlement services, loan services and other financial services approved by the CBIRC on a non-exclusive basis upon expiry of the Previous Framework Agreement. The Annual Cap in respect of the maximum daily balance of deposit (including accrued interests) placed by the Group with SPIC Financial shall not exceed RMB4.2 billion during the term of this Framework Agreement. For details, please refer to the announcement of the Company dated 30 April 2019. The Framework Agreement officially came into effect on 7 June 2019. For the year ended 31 December 2019, the maximum amount of daily deposit (including accrued interests) placed by the Group with SPIC Financial was approximately RMB2.91 billion.

In order to ensure that the relevant business is in compliance with the terms of both of the above financial services framework agreements, the Company had designated personnel to monitor the funds deposited with SPIC Financial, performed daily real-time inquiries on the funds deposited with SPIC Financial, and collected deposit rates offered by major domestic commercial banks for comparison with the deposit rates offered by SPIC Financial on a monthly basis.

In addition to the deposit offers as agreed in the above agreements, SPIC Financial also provides internal treasury management platform, cross-border fund allocation platform and other financial services to the Group through its own financial resources, such as the business information system and cross-border fund allocation channels. Such platforms enable the real-time monitoring of account balances as well as income and expenditure, thereby safeguarding against funding risks. At the same time, they facilitate flexible and efficient fund allocation across borders, which gives rise to more flexible capital flow at home and aboard, broadens financing channels for domestic subsidiaries and reduces uncertainties in inbound and outbound capital flows due to changes in foreign exchange regulatory policies.

During the year under review, the Group recorded a net decrease in cash and cash equivalents (including cash and cash equivalents of the disposal group classified as held for sale) of RMB610,933,000 (2018: RMB2,723,522,000). For the year ended 31 December 2019:

- net cash generated from operating activities amounted to RMB5,158,172,000 (2018: RMB2,784,456,000).

- net cash used in investing activities amounted to RMB15,816,887,000 (2018: RMB12,184,593,000), which mainly represented the cash outflow of capital expenditure on the Group's payments for property, plant and equipment and prepayments for construction of power plants. The significant increase in cash outflow, as compared with the previous year, was mainly attributable to the increase in the Group's payments for property, plant and equipment and prepayments for construction of power plants.

- net cash generated from financing activities amounted to RMB10,047,782,000 (2018: RMB6,676,615,000). The significant increase in net cash inflow, as compared with the previous year, was mainly attributable to the significant increase in cash inflow from drawdown of borrowings from related parties.

The financial resources of the Group were mainly derived from cash inflow generated from operating activities, borrowings from banks and related parties and project financing.

The net proceeds from the rights issue in 2017 in the amount of RMB3,734,047,000 was used in settling the consideration for the acquisition of Guangxi Company of RMB3,594,652,000 in 2018. The remaining proceeds from the rights issue of approximately RMB139 million were also utilized for settling the consideration payables for the designated acquisitions in 2019. For the relevant details of the designated acquisitions, please refer to the announcements of the Company dated 9 October 2017 and 2 September 2019.

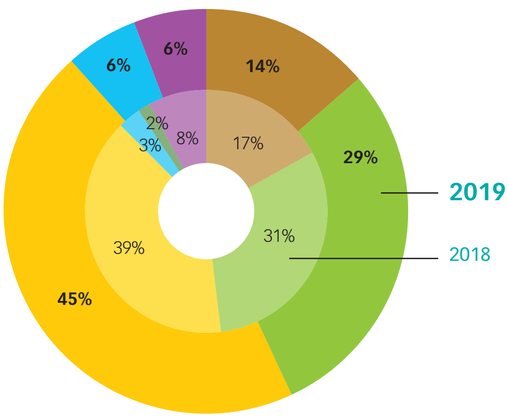
DEBTS

As at 31 December 2019, total debts of the Group amounted to RMB78,568,268,000 (31 December 2018: RMB64,917,976,000). All debts of the Group are denominated in RMB, Japanese Yen ("JPY") or United States Dollars ("USD").

As at 31 December 2019, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 63% (31 December 2018: approximately 60%). The Group's gearing ratio remained stable.

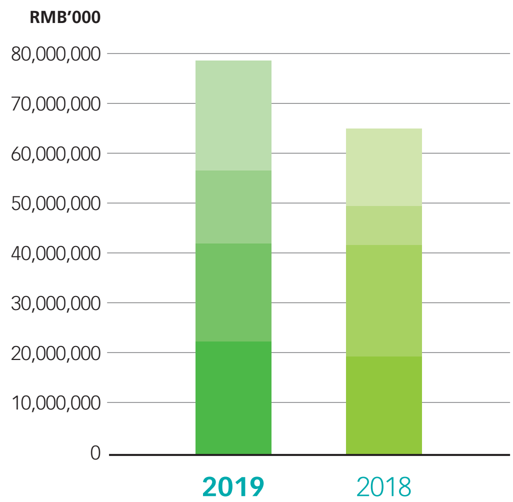
As at 31 December 2019, the amount of borrowings granted by SPIC Financial was approximately RMB3.88 billion (31 December 2018: approximately RMB2.15 billion).

The details of the Group's debt as at 31 December 2019 and 2018 are set out as follows:



	2019 RMB'000	2018 RMB'000
Bank borrowings, secured	10,777,320	11,093,776
Bank borrowings, unsecured	23,103,193	20,014,944
Borrowings from related parties	35,737,469	25,592,295
Medium-term notes and super & short-term commercial paper issued by the Company	4,500,000	2,000,000
Corporate bonds issued by Wu Ling Power	-	999,959
Lease liabilities/obligations under finance leases	4,422,286	5,192,002
Other borrowings	28,000	25,000
	78,568,268	64,917,976

The above debts were repayable as follows:



	2019 RMB'000	2018 RMB'000
Within one year	21,835,349	15,335,483
Between one and two years	14,606,141	7,861,437
Between two and five years	19,713,065	22,270,880
Over five years	22,413,713	19,450,176
	78,568,268	64,917,976

Among the above debts, approximately RMB29,325,084,000 (31 December 2018: approximately RMB24,297,951,000) are subject to fixed interest rates, and the remaining debts denominated in RMB are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranged from 3.92% to 5.23% (2018: ranged from 4.17% to 5.23%) per annum.

ASSETS IMPAIRMENTS AND DISPOSALS

When there is any indication of impairment, the Group will conduct an impairment test on assets such as property, plant and equipment and right-of-use assets to assess whether an impairment has been incurred.

In 2019, the Group incurred a total loss from one-off impairment and disposal of RMB1,064,022,000. In particular, due to the policy restrictions and the lagging construction of grid outbound transmission lines in regions where certain of the Group's small hydropower plants were located, the electricity consumption capacity was limited and the operating performance was lower-than-expected, as such, the Group made provisions for impairment of the relevant property, plant and equipment of RMB426,399,000. Owing to the significant unfavorable changes in the operating environment of the heat supply project of a joint venture during the year under review, the Group made provisions for impairment of the relevant loans of RMB261,300,000. Through the impairment test on the assets held for sale, the Group made provisions for impairment of RMB166,441,000. In addition, according to requirements of the relevant national policy, a loss on disposal of RMB209,882,000 was recorded due to the separation and transfer of the Group's "Water/Power/Gas Supply and Property Management (三供一業)".

SIGNIFICANT FINANCING ACTIVITIES

In August 2019, the Company received confirmation in relation to the acceptance of its application for the issuance of super & short-term commercial paper in the PRC in the aggregate principal amount of RMB1 billion, with an effective registration period of two years and to be issued in tranches within the effective registration period. On 3 September 2019, the Company completed the issuance of the 2019-first-tranche of super & short-term commercial paper in a principal amount of RMB500 million, at the interest rate of 2.80% per annum and with a maturity period of 270 days. The proceeds were fully used for repayment of existing borrowings.

In August 2019, the Company received confirmation in relation to the acceptance of its application for the issuance of medium-term notes in the PRC in the aggregate principal amount of RMB4 billion, with an effective registration period of two years and to be issued in tranches within the effective registration period. On 5 September 2019, the Company completed the issuance of the 2019-first-tranche of the medium-term notes in a principal amount of RMB2 billion, at the interest rate of 3.55% per annum and with a term of three years. The proceeds were fully used for repayment of existing borrowings and bank loans.

CAPITAL EXPENDITURE

In 2019, the capital expenditure of the Group was RMB15,873,323,000 (2018: RMB11,563,878,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power and photovoltaic power) was RMB11,936,314,000 (2018: RMB7,672,993,000), which was mainly applied for the construction of new power plants and power stations; whereas the capital expenditure for coal-fired power segment was RMB3,791,184,000 (2018: RMB3,730,637,000), which was mainly applied for the construction of new coal-fired power generating units and technical upgrade for the existing power generating units. These expenditures were mainly funded by project financing, funds generated from business operations and borrowings from related parties.

PLEDGE OF ASSETS

As at 31 December 2019, the Group pledged certain property, plant and equipment (31 December 2018: property, plant and equipment and prepaid lease payments) with a net book value of RMB392,981,000 (31 December 2018: RMB533,096,000) to certain related parties to secure borrowings from related parties in the amount of RMB196,820,000 (31 December 2018: RMB227,820,000). In addition, certain bank borrowings, borrowings from related parties and lease liabilities (31 December 2018: bank borrowings, borrowings from related parties and obligations under finance leases) totaling RMB20,134,405,000 (including bank borrowings as part of a disposal group classified as held for sale) (31 December 2018: RMB20,301,015,000) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings amounted to RMB3,760,170,000 (including accounts receivable as part of a disposal group classified as held for sale) (31 December 2018: RMB1,580,203,000).

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities.

RISK MANAGEMENT

The Group has implemented all-rounded risk management and has established a systematic and comprehensive risk management mechanism and internal control system. The Group also has a Risk Management Committee which is accountable to the Board and assists the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Group, including risk policies, procedures and controls. The Group also has an Internal Audit Department in place for execution and implementation of risk management measures.

Foreign Exchange Rate Risks

The Group principally operates its businesses in Mainland China with most of its transactions settled in RMB. Apart from certain bank borrowings as well as cash and cash equivalents, the Group's assets and liabilities are mainly denominated in RMB. The Group held borrowings denominated in JPY and USD during the year. Higher volatility of RMB exchange rate against USD and JPY has increased the foreign exchange risks of the Group, thus affecting its financial position and operating results.

As at 31 December 2019, the Group's borrowings denominated in foreign currencies amounted to RMB3,371,773,000 (31 December 2018: RMB3,322,940,000). The Group will continue to keep track on the movements of exchange rate and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

Funding Risks

With the Group's efforts to strengthen its development of all kinds of new power projects, funding adequacy will have an increasing impact on the Group's operations and development. The financing market is affected by a number of factors such as the liquidity of the lending market and the economic environment, which in turn may also affect the effectiveness and costs of the Group's borrowing.

The Group has always leveraged its capability of accessing the Mainland China and overseas markets to optimize its funding sources, increase the credit facilities and lower its financing costs. Various cost-saving and efficiency enhancement initiatives have also been adopted in the Group's business management to lower administrative and operating expenses. Moreover, the financial services framework agreement with SPIC Financial also helps to reduce funding risks.

As at 31 December 2019, the Group had sufficient available unutilized financing facilities amounting to RMB35,138,302,000.

At the beginning of each year, the management reports to the Board on the working capital budget for the year and estimates the credit facilities and facilities reserves required for the year to ensure the Group has adequate financial resources to support the continued operation and development of projects in the foreseeable future. The management will also review the situation regularly to take contingency measures.

Risks Relating to Policy Changes

In 2019, the NDRC issued the "Guiding Opinion on the Deepening Reform of the On-grid Tariff-setting Mechanism for Coal-fired Power (《關於深化燃煤發電上網電價形成機制改革的指導意見》)", which changed the current benchmark on-grid tariff mechanism of coal-fired generating units to the market-oriented price mechanism of "benchmark price + upward/downward fluctuation" and all provinces were required to develop plans for implementation. Currently, the electricity sold in the market has already accounted for over 50% of the electricity sold of coal-fired power nationwide. With the introduction of the relevant policy, it is expected that the percentage of electricity sold in the market will further increase and the adoption of market-oriented tariff-setting mechanism will become the general trend. All power generating companies of the Group have successively built their professional electricity sales teams and will continue to enhance the communication and business transactions with the major users in surrounding areas of the power plants and electricity sales companies within the region, striving to increase its market share steadily and fully monitor the market price of electricity.

In 2019, the NDRC issued a notice on improving the policies for wind power on-grid tariff, pursuant to which, the on-grid tariff of newly approved wind power projects shall be determined through competitive bidding or direct negotiation between power generating enterprises and power users. At the same time, the notice also specified the relevant requirement on the time limit of grid connection as a condition for receiving national subsidies by the newly constructed wind power projects. The Group has re-examined the preliminary wind power projects and updated the project planning based on the notice and took into account the threshold rate of return, time limit for grid connection and construction period.

ENERGY SAVING AND EMISSION REDUCTION

The Group has always been placing a great emphasis on environmental protection from the perspective of sustainable corporate development, vigorously promoting energy saving and emission reduction, conscientiously fulfilling its social responsibilities and actively responding to global climate change.

In active response to the policy of "Action Plan of the Upgrade and Renovation of Energy Saving and Emission Reduction of Coal-fired Units (2014-2020) (《煤電節能減排升級與改造行動計劃 (2014-2020年)》)" promulgated by the PRC government, the Group has strengthened the environmental control and rectification measures for its coal-fired power generating units. More than 90% of the operating coal-fired power generating units have met the standards of ultra-low emission.

In 2019, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2018: 100%), and the efficiency ratio of desulphurization was 99.30% (2018: 99.20%); the operational ratio of denitration facilities reached 100% (2018: 100%) and the efficiency ratio of denitration reached 89.85% (2018: 91.02%).

During the year under review, the environmental protection indicators for coal-fired power generating units were as follows:

- the emission rate of sulphur dioxide (SO_2) at 0.076g/kWh, representing an increase of 0.020g/kWh as compared with the previous year;
- the emission rate of nitrogen oxide (NO_x) at 0.133g/kWh, representing an increase of 0.036g/kWh as compared with the previous year; and
- the emission rate of flue gas and dusts at 0.007g/kWh, representing a decrease of 0.001g/kWh as compared with the previous year.

The emission rate of both sulphur dioxide and nitrogen oxide increased as compared to the previous year, which was mainly attributable to the higher average emission rate resulting from the commencement of commercial operation of two 660MW generating units that have not yet met the ultra-low emission standard. The Group has preliminarily planned to carry out the ultra-low emission upgrade for the relevant generating units and devoted efforts in studying feasible plans. It is expected that the relevant construction works will commence in 2020.

While stepping up its efforts in the protection of ecological environment, the Group continued to push forward the investigation and management of ecological and environmental issues in an orderly manner. During the year under review, the Group completed various environmental protection measures, including the completion of water circulation upgrade project for Yaomeng Power Plant's 300MW generating units as scheduled and the successful commencement of operation of the desulphurization and zero discharge of waste water project of Shangqiu Power Plant.

The project of upgrading Yaomeng Power Plant's water circulation

To prevent pollutants from exceeding the emission standards at source, the Group has also incorporated concepts and requirements of social responsibilities in the management of suppliers, and clearly stipulated that the materials must meet the standards of the relevant national environmental protection laws while signing material purchase contracts.

During the year under review, all the power plants over which the Group has operational control complied with the relevant PRC environmental protection regulations. No fines or charges were imposed due to violation of regulations.

OPERATIONAL SAFETY

During the year under review, the Group continued to improve the conditions for operations in strict compliance with the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations relating to safety and hygiene. The Group has begun to implement an action plan for quality enhancement to strengthen the quality control over construction in progress, inspection and maintenance of generating units in operation and major technical upgrade projects. The Group also encouraged all departments to engage in risk management in their daily operation by identifying potential risks in construction and operation and forming dedicated groups to conduct research on enhancement of management. With an aim to curb major risks and potential safety threats at an early stage, employees are equipped with labor tools and labor protection gears that are compliant with safety standards, while a variety of safety knowledge, safety skills trainings, as well as emergency trainings and drills have been arranged.

The Quality, Occupational Health and Safety, and Environment (QHSE) "three standards" management system established by the Group maintained a stable operation. In order to further enhance its core competitiveness and promote sustainable development, the Group has carried out annual supervision and review and successfully passed the accreditation from the UK-based BSI and Beijing Zhong'an Zhihuan Certification Centre, which ensured the compliance with international standards and played an important role in enhancing management level and promoting transformational development.

In 2019, a number of coal-fired power plants carried out technical upgrade projects of replacing liquid ammonia with urea as denitration reducing agents with a view to eliminating major source of hazards and mitigating risks in relation to production safety and environmental protection. For the key project of upgrading Yaomeng Power Plant's water circulation, the Group tracked the progress of the whole project in terms of safety, quality and progress, and strictly controlled the technical measures to ensure the completion of the project with high quality.

In 2019, no material accident in the aspects of employees, facilities and environmental protection occurred in the Group.

During the year under review, all operating power plants over which the Group has operational control complied with the relevant PRC production safety regulations. No fines or charges were imposed due to violation of regulations.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of 10,444 (31 December 2018: 10,269) full-time employees.

The Group has put great emphasis on the establishment of the performance evaluation as well as reward and punishment mechanism for all employees. It determines the emoluments of its directors and employees based on their respective performance, working experience, duties and market rates. The Group has also implemented an incentive policy linking emoluments with performance.

The Group has also attached importance to the learning and training of employees and to the communication between employees of different positions. It has improved the professional and technical capabilities and overall competence of its employees on an on-going basis, so as to satisfy the needs of its expanding businesses.

During the year under review, all business units over which the Group has operational control complied with the local labor laws. No fines or charges were imposed due to violation of regulations.

RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

We regard customers and suppliers as very important stakeholders. The Group has been maintaining good communication and establishing a long-term and stable cooperative relationship with them. During the year ended 31 December 2019, there were no significant disputes with customers and suppliers.

Relationship with customers

The Group is an independent power producer. Because of the special nature of electricity production and sales, its major customers are regional and provincial power grid companies, through which it sells the electricity generated by its power plants to power users and settles the transactions. The Group has been maintaining long-term and good customer relationships with the power grid companies in various locations where its power plants locate. During the year under review, the aggregate turnover attributable to the Group's five largest customers (regional power grid companies) accounted for 73.25% of the Group's total turnover.

The pace of market-oriented reform in the power industry has accelerated in 2019. Adhering to the principle of customer-centered and leveraging opportunities brought by the reform, the Group has established direct connections with power users to develop and provide value-added services, aiming to gradually transform to a diversified energy service company from a pure energy producer. At the same time, the Group has actively participated in market-oriented direct electricity transactions, established and invested in electricity sales and distribution companies, and developed integrated intelligent energy and other projects.

Relationship with suppliers

The Group's major suppliers are coal production and sales enterprises, while its coal-fired power plants purchase the majority of coal from neighboring coal production enterprises primarily under long-term contracts. The Group has been maintaining long-term and good relationships with major suppliers in order to ensure efficient coal procurement. During the year under review, the aggregate purchases from the Group's five largest suppliers (for production materials like coal and consumables) accounted for approximately 57.90% of the Group's total purchases. The Group will continue to explore different procurement channels to ensure the stability of coal supply.

The Group strives to establish fair, just and stable mid-to-long-term cooperation with suppliers, strictly fulfills the contractual agreements, respects and treats each supplier equally. It has formulated a stringent and standardized supplier selection and management system, established a supplier review team and conducted strict reviews according to the integrity, quality assurance, punctuality of supply, price reasonableness, etc., so as to select more competent and reputable suppliers to jointly maintain a healthy and orderly market environment. In recent years, the Group has given full play to its scale advantages of centralized procurement with the production equipment and other relevant materials procured centrally by a subsidiary, which will help to establish a stable supply chain.

The Group also incorporates concepts and requirements of social responsibilities in supplier management, and clearly stipulates that materials must meet the relevant national environmental protection laws and standards while signing purchase contracts, in order to prevent pollutants from exceeding the emission standards at source.

EVENT AFTER THE REPORTING PERIOD

The outbreak of novel coronavirus epidemic since early 2020 has brought significant impact on the global economy. Although the Chinese government has implemented a number of preventive and monitoring measures throughout the country and has achieved effective prevention and control results, the epidemic has evolved into worldwide pandemic and the situation is still unpredictable. The uncertainties in the future operating environment of the Group may affect the business conditions and performance of the Group. The Group has and will continue to closely monitor the impact of developments on the Group's business and take appropriate countermeasures as necessary.

OUTLOOK FOR 2020

The year 2020 marks the conclusion of the Chinese government's "13th Five-Year" plan, which is also the start of the "14th Five-Year" plan. Adhering to the relevant policies and deployments of the Chinese government, critical achievements have been made in the major areas and key segments of the supply-side structural reform, the system reform of the electricity industry and the reform of State-owned capital and State-owned enterprises. The fundamentals for steady growth and making positive progress of the Chinese economy will remain unchanged. On the other hand, although the Phase One Trade Deal has been signed between the United States and China, certain disputes still linger and the landscape of international trade is undergoing various adjustments. Coupled with the current outbreak of novel coronavirus epidemic, despite the effect of the epidemic on the macro-economy is estimated to be interim and temporary, the global economy will still be facing increased downward pressure. The electricity industry is facing both opportunities and challenges as a whole.

In terms of electricity supply and demand, adhering to the general operating principle of pursuing steady growth and against the backdrop of the State's macro-policy of counter-cyclical adjustments, the China Electricity Council predicted that the national total electricity consumption would sustain its steady growth in 2020 with an estimated annual growth of 4% to 5%. The national electricity supply and demand remained generally in balance. Meanwhile, the government will deepen the supply-side structural reform of the electricity industry and it is expected that the benefits of the reform will emerge gradually.

In terms of policy reform, the NDRC issued the "Guiding Opinion on the Deepening Reform of the On-grid Tariff-setting Mechanism for Coal-fired Power (《關於深化燃煤發電上網電價形成機制改革的指導意見》)" in October 2019, which changed the current benchmark on-grid tariff mechanism of coal-fired power to the market-oriented price mechanism of "benchmark price + upward/ downward fluctuation". In January 2020, the Ministry of Finance of the PRC, the NDRC and the National Energy Administration issued the "Several Opinions on Promoting the Healthy Development of Power Generation by Non-hydro Renewable Energy (《關於促進非水可再生能源發電健康發展的若干意見》)", which pointed out that the power generation of non-hydro renewable energy has currently entered into the crucial stage of industrial transformation and upgrade and technological advancement. Renewable energy, such as wind power and photovoltaic power, has basically met the conditions for enjoying parity rate as the traditional energy, such as coal-fired power. As such, the government will further improve the existing subsidy approach and resources allocation mechanism in the market. It is expected that the market-oriented reform of the power industry will advance at a faster pace. With the deepening of the reform of State-owned capital and State-owned enterprises, the government will focus on enhancing the allocation efficiency of State-owned capital, while the State-owned enterprises will continue to improve their corporate governance and optimize their incentive systems. The central government indicated that the "Three-year Action Plan for Reform of State-owned Enterprises" will soon be promulgated and implemented, pursuant to which the restructuring and integration will be expedited with an aim to solving the problem of homogeneous competition. Regional integration of coal and electricity resources will also be one of the major missions.

The Group will persist to continue its transformational development, strive to enhance its operating results, and accelerate the development towards becoming the world's leading clean energy enterprise. The major coming tasks and approaches will be as follows:

Enhancing business operating level — The Group will make prior arrangement to actively adapt to the new energy policies and familiarize itself with the new market rules with a view to enhancing its marketing capability in the electricity market under the new environment. It will seek to explore potential, enhance quality and increase efficiency, at the same time controlling and reducing the fuel costs by means of, among others, adjusting the procurement structure and increasing the use of coal blending and mixed burning. The Group will also increase the efficiency of capital operation, seize favorable market opportunities to reduce capital costs, enhance economic efficiency and reliability of the power generating units on a continuous basis and fully exert the advantage of cascade adjusting watershed management of hydropower. Furthermore, the Group will optimize its capital allocation, selectively pursue investment projects and dispose of inefficient and non-performing assets, and to maintain control over capital expenditure appropriately.

Promoting high-quality transformation of the Company — The Group will continue to exploit quality grid-parity and competitive-bidding clean energy projects in an effort to build up highly-efficient clean energy bases. Moreover, the Group will steadily push forward the new business models for energy services with a view to transforming the same into new momentum for development. It will further optimize the development, construction and operation management system of integrated intelligent energy projects so as to constantly enhance its competitiveness, at the same time exploring opportunities for the development of overseas projects to steadily expand its international footprint.

Deepening reform of systems and mechanisms — The Group will continue to promote the reform of State-owned capital and State-owned enterprises by optimizing the relevant systems and mechanisms. Leveraging the advantage of the management and control system of "Plan-Budget-Assessment-Incentives", the Group will place a strong emphasis on value creation and adopt "profit attributable to owners of the Company" and "free cash flow" as its core assessment indicators to boost corporate vitality. Greater efforts will be made in team building with an aim to establish a first-class human resources management and control system.

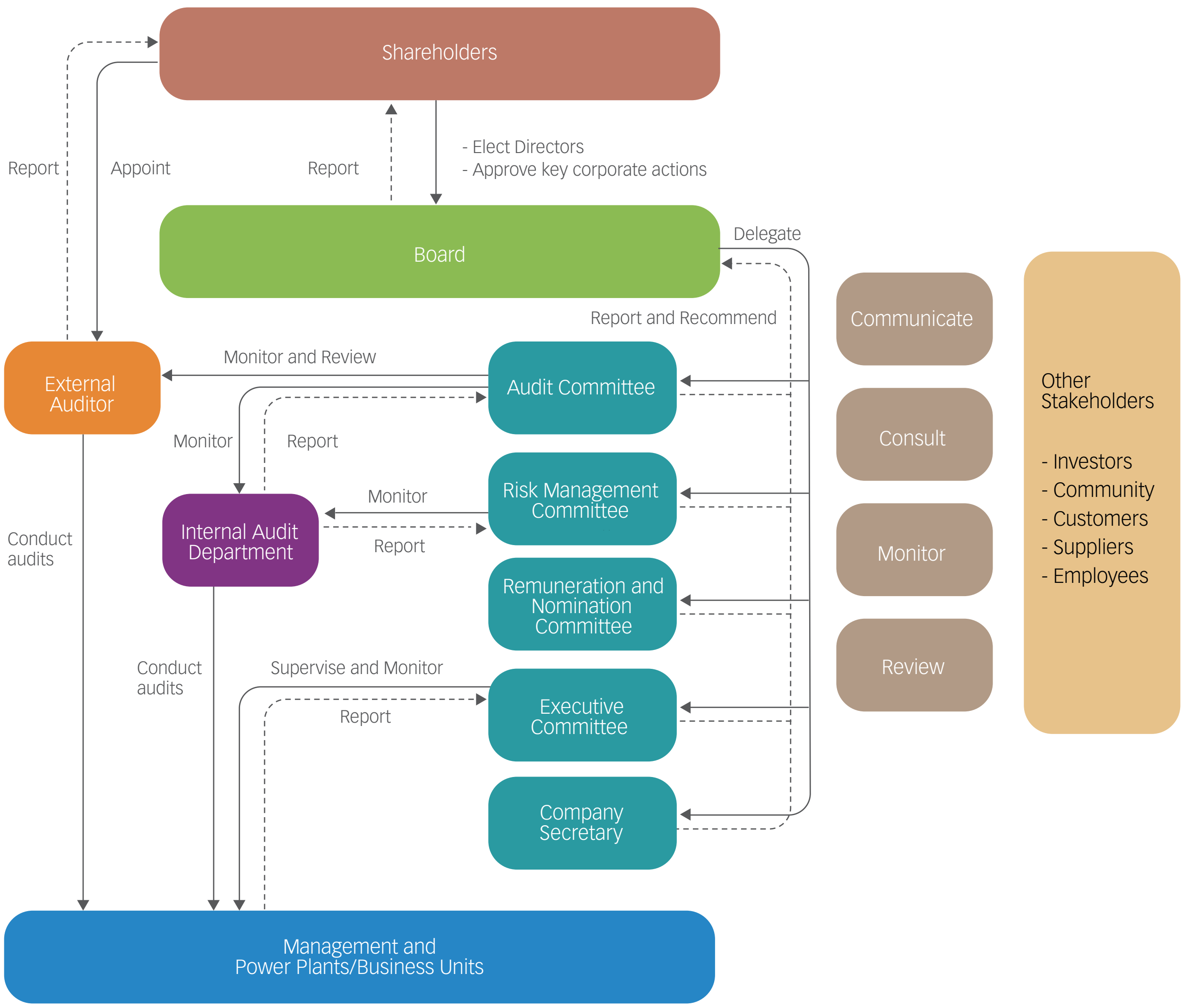
Placing great emphasis on fulfillment of social responsibilities — The Group will make consistent efforts to ensure safe production with the goal of "Zero death, Zero accident". It will further enhance its management regarding the protection of ecological environment in a bid to achieve low-carbon development. Meanwhile, it will actively launch work in relation to the prevention and control of epidemic to foster a healthy working environment for its staff. It commits to undertake the responsibility of giving back to the society actively.

CORPORATE GOVERNANCE PRACTICES

China Power is committed to pursuing a high standard of corporate governance. The Board recognizes that good corporate governance is vital to the healthy and sustainable development of the Group. Through continuing exploration and practice, the Company has formed a standardized governance structure and established an effective internal control system. The Board and the management always follow good governance principles to manage the Group's business effectively, treat all shareholders fairly and strive for the long-term, stable and growing return for the shareholders.

The Company has strictly complied with all the code provisions of Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in the Appendix 14 to the Listing Rules throughout the year ended 31 December 2019, save for the CG Code provisions of A.2.1 and E.1.2.

GOVERNANCE FRAMEWORK



THE BOARD

Board Composition

As at the date of this annual report, the Board comprises a total of six Directors as follows:

Executive Director	Non-executive Directors	Independent Non-executive Directors
Mr. TIAN Jun *(Chairman of the Board and President)*	Mr. GUAN Qihong Mr. WANG Xianchun	Mr. KWONG Che Keung, Gordon Mr. LI Fang Mr. YAU Ka Chi

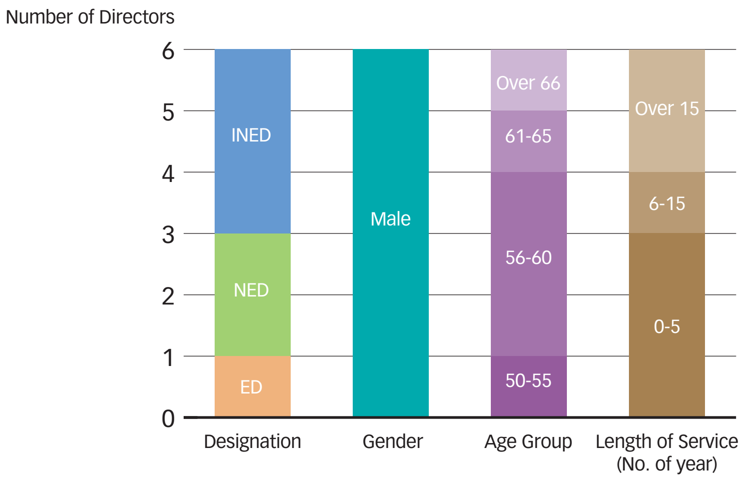
Profiles of the Directors are set out in the section headed "Directors and Senior Management Profiles" of this annual report.

The current Board composition reflects diverse mix of various experience, capabilities, skills and expertise in the following fields that are suitable for and relevant to the Company's businesses.

- Electric Power Technology and Management
- Strategic Planning and Management
- Accountancy, Finance and Legal
- Risk Management
- Global Market Experience

Members of the Board

They are well experienced and having progressive thinking in leading the Group. The Diversity mix of the Board is summarized in the following chart:



Remarks:
ED - Executive Director
NED - Non-executive Director
INED - Independent Non-executive Director

The non-executive Directors (including the independent non-executive Directors) form the majority of the Board. More than one-third of our Board members are independent non-executive directors who can help the Board to make more effective independent judgment. They are able to make decisions in an objective and professional manner, and to assist the management in formulating the Company's development strategies. They ensure that the preparation of financial and other mandatory reports by the Board are compiled in strict accordance with relevant regulations and standards in order to protect the interests of the shareholders and the Company as a whole.

The Board has received annual written confirmation of independence from each of the independent non-executive Directors and believed that, as at the date of this annual report, they were independent of the Company in accordance with the relevant requirements of the Listing Rules.

Chairman and Chief Executive

The Chairman provides leadership for the Board and is responsible for ensuring that all Directors receive adequate information, which must be complete and reliable, in a timely manner and that Directors are properly briefed on issues arising at the Board meetings. He affirms the Board is working effectively and discharging its responsibilities. He also ensures good corporate governance practices and procedures are established, and appropriate steps are taken to provide effective communication with shareholders and those views of shareholders are communicated to the Board.

The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. He encourages Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus. He promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.

The CG Code provision of A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. TIAN Jun serves as the Chairman of the Board and the President of the Company during the year under review since his appointment as the Chairman of the Board on 19 November 2019. Taking into consideration that Mr. TIAN possessing the expertise and extensive experience in the electric power industry is conducive to the Company's development, and he has been responsible for the overall corporate strategy, planning and business development of the Group since the former Chairman of the Board left the Company in July 2018, the Board thus believes that vesting the roles of both chairman and chief executive (being the President of the Company) in the same individual can provide the Group with strong and consistent leadership and allow for effective development of long-term business strategies and efficient execution of business decisions and plans.

The Board believes that the balance of authority is adequately ensured by the current composition of the Board which comprises high-calibre individuals, with whom two being non-executive Directors and three being independent non-executive Directors. Also, the Executive Committee under the Board consists of all the vice presidents of the Company who possess rich knowledge and experience in different professional fields to assist the President in making decisions about the daily business management and operations of the Group. The Board believes appropriate power checks and balances have been put in place to safeguard the interests of the Group and the Company's shareholders as a whole.

Appointment and Re-election of Directors

In accordance with the Company's articles of association, one-third of the Directors (including non-executive Directors with fixed term of three years) shall retire from office by rotation and be re-elected by shareholders at the annual general meetings. In addition, any new appointment to the Board is subject to re-appointment by shareholders at the upcoming general meeting. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

If an independent non-executive Director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. The documents attached to shareholders accompanying that resolution should include the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; if the proposed independent non-executive director will be holding his/her seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the Board; the perspectives, skills and experience that the individual can bring to the Board; and how the individual contributes to diversity of the Board.

The Company has in place a Nomination Policy setting out the selection and recommendation criteria and the appropriate procedures to be adopted when considering nomination and appointment of suitable candidates for directorship to the Board. Please refer to the section headed "Nomination Policy" of this Corporate Governance Report for its details.

Training of Directors, Code of Conduct and Insurance

Every newly appointed Director will receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the operations and business of the Company, and that he/she is fully aware of his/her responsibilities under Statutes and Common Law, the Listing Rules, applicable rules and other regulatory requirements, and especially the governance policies of the Company.

All Directors are required to disclose to the Company their offices held in public companies or organizations and other significant commitments. Every Director should ensure that he can give sufficient time and attention to the Company's affairs.

All Directors have been given the "Guidelines on Directors' Duties" and "Working Guidelines for the Board" of the Company and various guides for directors published by the Hong Kong Stock Exchange and Securities and Futures Commission. The Company Secretary will continuously update and refresh the Directors on the latest law, rules and regulations regarding their duties and responsibilities.

Directors' training is an ongoing process, in order to ensure that their contribution to the Board remains informed and relevant. The Company encourages all Directors to participate in appropriate training programs to develop and refresh their knowledge and skills. During the year under review, all members of the Board have provided their records of training to the Company Secretary for record. Their trainings included attending seminars and discussion forums, reading briefings and updated materials on current rules and regulations.

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("Code of Conduct"), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, all Directors confirmed that they have complied with the Code of Conduct throughout the year 2019.

The Company has arranged appropriate insurance cover on Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Power of and Delegation by the Board

The Board is the highest decision-making and managing body of the Company. Having regard to the best interests of the Company and its shareholders, the Board provides leadership and guidance to the Group's activities. It reviews and approves major matters such as business strategies, policies, business plans, financial budgets, major investments as well as mergers and acquisitions. In addition, the Directors have acknowledged that the principal responsibilities of the Board also include overseeing risk management and internal control systems, corporate governance, environmental and social responsibilities governance, supervising and administrating the operation and financial position of the Company, approving the result announcements and other disclosures as required in accordance with applicable laws and regulatory rules, optimizing corporate governance structure and promoting the communication with our shareholders.

There are currently four committees under the Board, namely Audit Committee, Risk Management Committee, Remuneration and Nomination Committee and Executive Committee to implement internal supervision and control on each of the relevant aspects of the Group.

The Board delegates certain management and operational functions to the Executive Committee and the management, and reviews such arrangements periodically to ensure that they remain appropriate to the Group's needs.

The management has overall responsibility for the Group's daily operations. The Board establishes clear responsibilities and authorities for management to ensure the daily operational efficiency. It acts within the authority approved by the Board to fulfill the day-to-day management responsibilities and makes timely decisions. With regard to matters beyond its authority, the management will report to the Board or the Executive Committee in a timely manner in accordance with the relevant working guidelines.

AUDIT COMMITTEE

The Company established the Audit Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Audit Committee set out in its terms of reference, inter alia, include the following:

- To communicate with internal auditor and determine annual internal audit plans, discuss internal audit procedures with the internal auditor at least once every six months, review and monitor the internal control system, internal audit functions and effects of annual internal audit plans.
- To make proposals to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the independence, objectivity and audit effectiveness of the external auditor in accordance with the relevant standards issued by the Hong Kong Institute of Certified Public Accountants, formulate and implement the engagement policy on the provision of non-audit services by the external auditor.
- To review financial information of the Company.
- To supervise the financial reporting system and internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.
- To conduct any inspection authorized by the Board based on its terms of reference, in that case, the committee is entitled to solicit any necessary information from any employees while who have been instructed to assist the committee to satisfy any of its requirements.

The Audit Committee comprises of three members, namely Mr. KWONG Che Keung, Gordon, Mr. LI Fang and Mr. YAU Ka Chi, all of whom are independent non-executive Directors. The chairman and the secretary of the Audit Committee are served by Mr. KWONG Che Keung, Gordon and the Company Secretary of the Company respectively. For the purpose of reinforcing their independence, all members of the Audit Committee have appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

The details of the terms of reference of the Audit Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Audit Committee held two meetings during 2019 (average attendance was 100%). The work performed by the committee during the year including:
• reviewed the annual financial statements and "Corporate Governance Report" for the year ended 31 December 2018 and the interim financial statements for the six months ended 30 June 2019, including the major accounting issues raised by the external auditor;
• reviewed and approved the audit strategy submitted by the external auditor for the year ended 31 December 2019;
• reviewed the internal control reports prepared by the Company's Internal Audit Department relating to the Company's internal audit plan, internal control system and risk management procedures;
• reviewed the continuing connected transactions of the Company;
• considered and approved the terms of engagement and remuneration of external auditor for its provision of audit and permitted non-audit related services; and
• reviewed the internal and independent audit results and discussed matters relating to audit, internal control system and financial reporting, including the adequacy of resources, staff qualifications and experience of the Company's accounting, internal audit and financial reporting functions, together with the senior management, internal and external auditors of the Company.

RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee on 23 March 2016 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Risk Management Committee set out in its terms of reference, inter alia, include the following:
• To review and recommend for the Board's approval the Group's overall risk management strategies and risk appetite/tolerance which shall take into account of the strategic, financial, operational, compliance and all the relevant risks faced by the Group and the prevailing and prospective market and economic conditions at least annually.
• To review and recommend for the Board's approval the Group's risk management framework, risk management system and corporate governance framework including their appropriateness, effectiveness and independence of risk management functions at least annually.
• To review reports from the management and to make recommendations to the Board on the Group's risk management policies which governs the identification, assessment, monitoring and reporting of the major risks faced by the Group.
• To oversee the implementation of risk management policies and the compliance with the respective statutory rules and regulations.
• To report any significant risk management issues to the Board and suggest solutions.

The Risk Management Committee comprises of four members, namely the three independent non-executive Directors, Mr. KWONG Che Keung, Gordon, Mr. LI Fang and Mr. YAU Ka Chi, and the executive Director, the Chairman of the Board and the President of the Company, Mr. TIAN Jun. The chairman and the secretary of the Risk Management Committee are served by Mr. TIAN Jun and the Company Secretary of the Company respectively.

The details of the terms of reference of the Risk Management Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Risk Management Committee held two meetings during 2019 (average attendance was 100%). The work performed by the committee during the year including:

- reviewed and approved the "Risk Management Report" for the year 2018 and the first half of 2019, and the risk management plan for the year 2019 prepared by the Company's Internal Audit Department relating to the Group's risk management framework, effectiveness of the risk management system, the circumstances of specific risk management and the measures adopted for risk control, and risk management policies which govern the identification, assessment, monitoring and reporting of the major risks faced by the Group; and
- reviewed and approved the adequacy of resources, qualifications and experience of the staff of the Company's risk management function.

The management's annual confirmation on the effectiveness of the Group's risk management and internal control systems was reviewed and endorsed by the Risk Management Committee and Audit Committee respectively and was reported to the Board.

REMUNERATION AND NOMINATION COMMITTEE

The Company established the Remuneration and Nomination Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Remuneration and Nomination Committee set out in its terms of reference, inter alia, include the following:

Remuneration

- To make recommendations to the Board on the remuneration policy and structure for all Directors and senior management of the Company, and to make recommendations on the establishment of a formal and transparent procedure for formulating remuneration policy.
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company with reference to their experience, performance, duties and market conditions. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- To make recommendations to the Board on the remuneration of non-executive Directors.

Nomination

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- To identify individuals suitably qualified to become Board members based on a range of diverse perspectives and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.
- To assess the independence of independent non-executive Directors.

Nomination Policy

A. Selection Criteria

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

(a) Character and integrity.

(b) Qualifications including professional qualifications, skills, knowledge, expertise and experience that are relevant to the Company's business and corporate strategy.

(c) Good records of accomplishments in present and prior positions.

(d) Potential contributions the candidate can bring to the Board in terms of diversity in its all aspects under the Company's Board diversity policy.

(e) Commitment of the candidate to devote sufficient time to effectively carry out his/her duties.

(f) Potential or actual conflicts of interest that may arise if the candidate is selected.

(g) Independence of the candidate.

B. Nomination Procedures and Process

1. *Appointment of new Director*

(a) Upon receipt of the proposal on appointment of new Director, the Committee identifies or selects candidates, with or without assistance from external agencies or the Company, and evaluate such candidate based on the criteria as set out in this Policy to determine whether such candidate is qualified for directorship.

(b) The Committee may use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references.

(c) The Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable, and provide to the Board with all the information required including information set out in the Listing Rules in relation to the candidates.

(d) The Board should deliberate and decide on the appointment based upon the recommendations of the Committee.

2. *Re-election of Director*

(a) The Committee should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board. In the case of a proposed re-appointment of a retiring independent non-executive Director, also consider the number of years he/she has already served.

(b) The Committee should also review and determine whether the retiring Director continues to meet the criteria as set out in this Policy.

(c) The Committee and/or the Board should then make recommendations to shareholders in respect of the proposed re-election of Director at the general meeting.

Board Diversity Policy

The policy is summarized as follows:

- for identifying suitably qualified candidates to become Board members, it should be based on a number of diverse aspects, including Board members with different background, skills, regional and industry experience, gender and other qualities, that are in balanced and complementary with each other, creating synergy, and enabling the Board to function effectively as a whole.
- when reviewing and assessing the composition of the Board, it should be based on the Company's own business position and management needs from time to time, considering a number of factors including but not limited to the above mentioned background, skills, regional and industry experience, and other factors in order to achieve the Board with a reasonable structure that runs efficiently.

The Remuneration and Nomination Committee has three members, namely Mr. LI Fang, Mr. KWONG Che Keung, Gordon, and Mr. YAU Ka Chi, all of whom are independent non-executive Directors. The chairman and the secretary of the Remuneration and Nomination Committee are served by Mr. LI Fang and the Company Secretary of the Company respectively.

The details of the terms of reference of the Remuneration and Nomination Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Remuneration and Nomination Committee held two meetings during 2019 (average attendance was 100%). The work performed by the committee during the year including:

- considered and approved the overall remuneration package of the Directors and senior management of the Company in 2018 with reference to the remuneration system of the parent companies;
- reviewed the Company's matters relating to remuneration in 2019 and made recommendations to the Board;
- considered the profile of the Directors who would retire from office by rotation and stand for re-election at the annual general meeting in accordance with the Company's articles of association and made recommendations to the Board; and
- reviewed, considered and confirmed the appointment of Mr. TIAN Jun as the Chairman of the Board and the Risk Management Committee under the Board and made recommendations to the Board.

Pursuant to the CG Code provision B.1.5, the remuneration of the members of the senior management by remuneration band for the year ended 31 December 2019 is set out below:

Remuneration band (HK$)	Number of individuals
0 to 1,000,000	4
1,000,001 to 1,500,000	8

EXECUTIVE COMMITTEE

The Company established the Executive Committee in 2008. As a committee under the Board, the Executive Committee conducts its work under the guidance of the Board and reports to the Board pursuant to the "Working Guidelines for the Executive Committee" approved by the Board. The chairman of the Executive Committee is served by Mr. TIAN Jun, the executive Director, the Chairman of the Board, and the President of the Company. The members of the committee include the executive Director and all the vice presidents of the Company. It has been delegated with the responsibilities to ensure the effective direction and control of the business and to deliver the Group's long-term strategies and goals. It advises the Board in formulating policies in relation to the Group's business operations, monitors the performance and compliance of the business, and supervises the management to implement the Board resolutions.

The Executive Committee acts as a bridge for communication and connection between the Board and the management, and plays a crucial role in enhancing the quality of corporate governance as well as strengthening the management efficiency of the Company. It ensures that the Board can timely hear the voices of the operation and management staff and acts timely in respect of material operation affairs of the Company. It meets on a regular basis to review the Group's activities and discuss management and operational issues.

The Executive Committee held fourteen meetings during 2019. The executive Director, the vice presidents and the senior management of the Company attended the meetings.

COMPANY SECRETARY

Ms. CHEUNG Siu Lan, secretary of the company, is an employee of the Company, appointed by the Board, and responsible to the Board. The Company Secretary is responsible for ensuring that the activities of the Board conducted efficiently and effectively, and the procedures and all applicable laws and regulations are followed. She also supports and facilitates the training and professional development of Directors.

The Company Secretary reports to the Chairman and the Board, provides advice on corporate governance and corporate transactions, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules. All Directors may call upon her for advice and assistance at any time in respect to their duties and the effective operation of the Board and the Board Committees.

During the year under review, Ms. CHEUNG has attended relevant professional seminars to update her skills and knowledge. She has complied with the Listing Rules to take no less than 15 hours of relevant professional training in a financial year.

OPERATION OF MEETINGS AND SUPPLY OF AND ACCESS TO INFORMATION

Throughout the year under review, arrangements were in place to ensure all Directors were given an opportunity to include matters in the agenda for regular Board meetings. Notice of at least fourteen days was given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice was also given.

Full Board or committee papers were sent to all Directors at least three days before the intended date of a Board meeting or a committee meeting. Management had supplied the Board and its committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management was also invited to join the Board or committee meetings where appropriate.

For meetings of the Board, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter must be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction shall be present at that Board meeting. Any Director who has a conflict of interest must abstain from voting.

During the year under review, minutes of the Board meetings and meetings of Board Committees were recorded in detail the matters considered and decisions reached at the meetings. Draft and final versions of minutes were sent to all Directors for their comments within a reasonable time after the Board or committee meetings were held. Minutes of the meetings are always kept by our Company Secretary, and the Board and committee members may inspect the documents and minutes of the Board and Board Committees at any reasonable time by giving reasonable notice.

At all time, where necessary, the Directors can seek separate independent professional advice at the Company's expenses so as to discharge his/her duties to the Company. All the Directors are also entitled to have access to timely information in relation to our business and make further enquiries where necessary, and they have separate and independent access to senior management of the Company.

DIRECTORS' ATTENDANCE RECORD

In the year 2019, the attendance records of the Directors at Board meetings, Audit Committee meetings, Risk Management Committee meetings, Remuneration and Nomination Committee meetings, the annual general meeting and the general meeting are as follows:

Directors	Board	Audit Committee	Risk Management Committee	Remuneration and Nomination Committee	Annual General Meeting	General Meeting
Executive Director:						
TIAN Jun *(Chairman of the Board, President, and Chairman of the Risk Management Committee)* (Note)	5/5	–	–	–	1/1	1/1
Non-executive Directors:						
GUAN Qihong	5/5	–	–	–	1/1	1/1
WANG Xianchun	5/5	–	–	–	1/1	1/1
Independent Non-executive Directors:						
KWONG Che Keung, Gordon *(Chairman of the Audit Committee)*	5/5	2/2	2/2	2/2	1/1	1/1
LI Fang *(Chairman of the Remuneration and Nomination Committee)*	5/5	2/2	2/2	2/2	1/1	1/1
YAU Ka Chi	5/5	2/2	2/2	2/2	1/1	1/1

Note: Mr. TIAN Jun was appointed as the Chairman of the Board and the Risk Management Committee with effect from 19 November 2019.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Directors acknowledge their responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the Listing Rules, Hong Kong Companies Ordinance and also the accounting principles and practices generally accepted in Hong Kong. Appropriate accounting policies are selected and applied consistently, judgments and estimates made are prudent and reasonable.

During the year 2019, all Directors have been given on a monthly basis the latest information and briefings about the financial position, changes in the business and the development of the Group. "Letter to the Shareholders" from the Chairman of the Board contained a summary of the Company's performance in this annual report and how the Company will preserve value over the long term and our strategies for delivering the Company's objectives. The Directors ensured a balanced, clear and understandable assessment of the Company's performance, position and prospects in annual reports, interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory requirements.

Risk Management and Internal Controls

The Board puts particular emphasis on risk management and strengthening internal control system. In respect of organizational structure, the Company has set up the Audit Committee, the Risk Management Committee, the Remuneration and Nomination Committee and the Executive Committee. The principles of the internal control framework of the Company are to strengthen the Company's internal monitoring and control in accordance with the requirements of the Hong Kong Stock Exchange, continuously improve the Company's corporate governance structure, build up corporate integrity culture, establish an effective control system, continuously assess the competence of the internal control system and the efficiency of the management through auditing, risk assessments and internal assessments, review identified risk exposures and ensure the effective running of the control system.

The Company has an Internal Audit Department in place and has been ensuring the independence of its organization, staffing and work, which is crucial to the Company's internal controls. In order to actively create a sound internal control environment, the Internal Audit Department provides internal control assessment reports to the management on a regular as well as ad hoc basis. It also reports to the Audit Committee, the Risk Management Committee and the Board at least twice a year on internal control and risk management matters. To minimize risks faced by the Company, the department evaluates and reviews the Company's internal control processes to avoid risks and provide a solid foundation for building up an effective internal control system.

The Company has a comprehensive internal control criterion which includes seven parts, namely "basic framework of the internal control system", "management authorization manual", "staff disciplinary code", "code on conflicts of interests", "operational standards for internal control activities", "assessment standards for internal control system", and "implementation standards for internal audit", details of which are contained in our "Risk Management and Internal Control Specifications".

While taking into full account the risk management framework requirements of The Committee of Sponsoring Organizations of the Treadway Commission (the "COSO"), the promoter of the National Commission on Fraudulent Financial Reporting, and risk management guidelines set out by the Hong Kong Institute of Certified Public Accountants, the internal control system of the Company also learns from the experience of outstanding management companies and takes into consideration our actual situation and business characteristics in formulating the control framework for assessing the efficiency and competence of the internal control system, which provide a solid foundation to ensure the effectiveness of the Company's operating activities, reliability of its financial reports and compliance of laws and regulations.

In 2019, the Company established an audit center. With the objectives of standardizing and information-digitalizing internal audit and risk management, the audit center provides systematic support to the internal audit and control team, and provides relevant personnel training for the development of the Group.

The Board through the Audit Committee and Risk Management Committee has reviewed the efficiency of internal control system of the Group in aspects such as financial controls, operational controls, regulatory compliance and risk management. The Directors believe that the risk management and internal control systems are efficient and adequate, and controls effectively the risks that might have impacts on the Company in achieving its goals.

During the year under review, the Company strictly complied with the relevant code provisions of the CG Code in relation to risk management and internal control. The work performed by the Internal Audit Department during the year, amongst others, included the following:

- **Adhering to comprehensive rotating audits:** Continued to carry out management audits, special audits and audit investigations, while expanding the scope of audits and incorporating the implementation of natural resource asset management and ecological environmental protection responsibilities into the audit scope. The Company focused on the implementation of strategic planning, the formulation and implementation of planned budgets and the completion of the assigned assessment indicators. Addressing the Company's annual key and difficult tasks, we have completed a special audit on leverage reduction, verified the effects of lowering financial leverage and gearing ratio; conducted independent supervision and objective assessment of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department has put forward rectification requirements on issues revealed by various audits, implemented ratification measures and actively followed up to ensure that related issues were improved.

- **Preventing and mitigating major risks effectively:** Improved the comprehensive risk management framework that combines hierarchical management and control with "three lines of defense"; adhered to the annual risk management action items, tracked the company's major risk management and control on a quarterly basis, and regularly updated the risk management ledger to timely grasp the prevention and control situation of the major risks and its changing trends; continued to implement specific risk management mechanism for investment and merger projects, completed comprehensive risk assessment for 23 projects, carried out specific risk assessment for newly established companies, identified weaknesses and the risks associated with the Company's internal control, and proposed measures to deal with them. We have organized thematic seminars on risk management to comprehensively analyze the new version of COSO's "Enterprise Risk Management Framework", systematically explained how the risk management creates efficiency and made specific recommendations for the Company's future risk management works.

- **Deepening and enhancing the internal control compliance system:** Specified the responsibilities and workflow of employees among various grade levels and positions; comprehensively implemented digitalized operation of internal control on compliance in key areas such as procurement management and contract execution; organized regular evaluation of the design of the internal control compliance system to discover defects in the operation process in a timely manner and made recommendations for improvements with a view to optimizing rectification measures on a continuous basis; completed the trial operation of the internal control compliance function of the shared financial service system, developed an internal control compliance information platform to perform a more effective compliance warning function.

- **Staff training:** organized seminars on internal control compliance evaluation and training on corporate governance for offshore companies in order to comprehensively enhance the staff's initiative and awareness towards compliance and risk management. Made it a mandatory requirement for all employees to sign an undertaking on internal control compliance, and incorporated the internal control compliance training content in the training of newly recruited employees in order to initiate the compliance awareness among all employees, and ensure the effective operation of the internal control compliance system.

- **Transaction review:** adopted appropriate measures to review quarterly the implementation of the Group's existing continuing connected transactions. During the year under review, the relevant companies had monitored strictly pursuant to the pricing policies and terms of the continuing connected transactions in the actual course of business operation and did not exceed those relevant annual caps as disclosed.

Whistleblowing Policy

For good corporate governance practice, the Board approved launching a "Whistleblowing Policy" in April 2012, for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in secure and confidence manner, with the Internal Audit Department about possible improprieties in any matter related to the Group, and through the Internal Audit Department reports directly to the Audit Committee.

Inside Information

The Company adopted its own "Inside Information Management Policy" setting out the procedures and internal controls for handling and dissemination of inside information in August 2013 with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

The Company incorporated the topic on inside information into its annual internal training to its senior management regarding the continuing disclosure obligations under the Securities and Futures Ordinance and the Listing Rules.

External Auditor's and its Remuneration

The Company appointed Deloitte Touche Tohmatsu as the Company's auditor (the "Auditor"). The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the Auditor, and to approve the remuneration and terms of engagement of the Auditor, and any questions of its resignation or dismissal.

For the year ended 31 December 2019, the Audit Committee reviewed and monitored the Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

For the year ended 31 December 2019, the fees payable by the Company to the Auditor in respect of audit and non-audit services provided were as follows:

	HK$'000
Audit services	7,280
Non-audit services:	
Interim review	1,470
Continuing connected transactions	210
Issuance of super & short-term commercial paper and medium-term notes	380

COMMUNICATION WITH SHAREHOLDERS

Apart from reporting to the shareholders and investors on its operations and financial conditions semi-annually and annually, the Company also discloses relevant information such as electricity sold of the Company quarterly so that the investors have a better understanding about the operation of the Company. The Company maintains a corporate website at www.chinapower.hk where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Hong Kong Stock Exchange, the same information is made available on the Company's website simultaneously.

The Company also holds regular press conferences and meetings with financial analysts and investors, during which the Company's management will directly provide relevant information and data to the media, financial analysts, fund managers and investors, as well as answer their enquiries in a prompt, complete and accurate manner. The Company's website is updated continuously, providing up-to-date information regarding every aspect of the Company to investors and the public.

The Company has a Capital Markets & Investor Relations Department, which takes charge of the Company's relationship with investors and shareholders by providing information and services to them, promptly replying to their enquiries, and maintaining channels of active and timely communication with them.

Shareholders Communication Policy

In March 2012, the Board adopted a "Shareholders Communication Policy" of the Company which aims to set out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and potential investors to engage actively with the Company. The "Shareholders Communication Policy" of the Company is posted on the Company's website under the "Corporate Governance" section.

Under the CG Code provision E.1.2, the chairman of the board should attend the annual general meeting. In view of the fact that the office of the chairman of the Board is still vacant on the date of the Company's annual general meeting (i.e. 6 June 2019), the Board had arranged Mr. TIAN Jun, the executive Director and President of the Company, who is very familiar with the Group's business and operations, to attend and chair the meeting. Other Directors, including three independent non-executive Directors, being the chairman/members of Audit Committee, Risk Management Committee and Remuneration and Nomination Committee together with the external independent auditor attended the annual general meeting and answered questions from the attending shareholders and investors. All resolutions proposed were duly passed by shareholders' voting at the meeting. During the period since the former Chairman of the Board left in July 2018 and the appointment of Mr. TIAN as the new chairman of the Board in November 2019, Mr. TIAN had been taking up the role of acting chairman for all meetings of the Board and the Company's annual general meeting. The Board would consider CG Code provision E.1.2 was not applicable to the Company at that time and should not be regarded as any deviation from the CG Code.

Dividend Policy

In January 2019, the Company has adopted a new "Dividend Policy" which aims to set out the provisions with the objective of providing stable dividends to shareholders.

The Company may declare and distribute annual cash dividends to its shareholders in an amount representing not less than 50% of the profit attributable to owners of the Company in any financial year, subject to the criteria set out in the Dividend Policy. In addition to cash, the dividends may be paid up in the form of the Company's shares, by the distribution of specific assets of any kind or by distribution of any form.

A decision to declare or to pay any dividends, and the amount of dividends, will be based on the recommendation of the Board after taking into consideration of, inter alia, the following factors:	
(i)	The financial results and financial condition of the Group;
(ii)	The Group's actual and future operations and liquidity position;
(iii)	The Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
(iv)	The Group's debt-to-equity ratio, return on equity and committed financial covenants;
(v)	The retained earnings and distributable reserves of the Company and each of the members of the Group;
(vi)	The general economic conditions, the national policies for energy and related industries, and other internal or external factors that may have an impact on the business or financial performance and position of the Company;
(vii)	The shareholders' and the investors' expectation and industry's norm; and
(viii)	Any other factors that the Board deems appropriate.

The Company shall prioritize payment of cash dividends to its shareholders. Such declaration and payment of dividends shall be determined at the sole discretion of the Board and subject to all applicable requirements under the Company Ordinance (Chapter 622 of the Laws of Hong Kong) and the articles of association of the Company.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene General Meeting

Shareholders of the Company (the "Shareholders") are entitled to have right to request the Company to convene a general meeting pursuant to Part 12 of the Hong Kong Companies Ordinance. The procedures are as follows:

1. The Directors are required to call a general meeting if the Company has received requests to do so from the Shareholders representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.
2. A request—
   (a) must state the general nature of the business to be dealt with at the general meeting; and
   (b) may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting.
3. Requests may consist of several documents in like form that —
   (a) may be sent to the Company in hard copy form or in electronic form; and
   (b) must be authenticated by the person or persons making it.
4. Directors must call a general meeting with 21 days after the date on which they become subject to the requirement, and must be held on a date not more than 28 days after the date of the notice convening the general meeting.
5. If the requests received by the Company identify a resolution that may properly be moved and is intended to be moved at the general meeting, the notice of the general meeting must include notice of the resolution.
6. If the resolution is to be proposed as a special resolution, the Directors are to be regarded as not having duly called the general meeting unless the notice of the general meeting includes the text of the resolution and specifies the intention to propose the resolution as a special resolution.

Voting by Poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at the commencement of each general meeting, and questions from Shareholders regarding the voting procedures are answered. The poll results are posted on the respective websites of the Company and the Hong Kong Stock Exchange on the same day of the poll.

Procedures for Shareholders Sending Enquiries to the Board

Shareholders should direct their questions about their shareholdings to the Company's registrar and whose details are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990

The Company Secretary and the Capital Markets & Investor Relations Department of the Company also handle both telephone and written enquiries from Shareholders from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions. For Shareholders and investors' enquiries, the contact information is set out in the "Useful Information for Investors" section of this annual report.

Other Procedures for Shareholders' Proposals

The details of the following procedures are available at the Company's website www.chinapower.hk under the "Corporate Governance" section for review.
• Procedures for Shareholders making proposals at general meetings
• Procedures for Shareholders to nominate a person to stand for election as a Director

Constitutional Documents

The Company's constitutional documents have been posted on the Company's website www.chinapower.hk under the "Corporate Governance" section. During the year under review, there was no change in the Company's articles of association.

RISK MANAGEMENT CONCEPT

The Board acknowledges risk management as a strong support and basic security for the high-quality and sustainable development of the Group. As such, the Board regarded risk management as a proactive measure for creating efficiencies and promoted risk management responsibilities to the Board, the management and all staff members as well as its whole business process. The Board has established a risk management framework with three lines of defence, namely "Business, Supervision and Support, Assurance", for the Group, under which the Group has integrated risk management with its strategic goals and required risk management to be "Comprehensive, Focused, Dynamic and Continuous". The Board regularly studied and clarified the comprehensive risk indicator system in relation to the Group's operation through the Risk Management Committee. It has also taken a dynamic approach to set up key risk checkpoints based on the changes in the Group's internal and external environment, which will be used to monitor the management's performance in carrying out their responsibilities in relation to dynamic monitoring and ongoing risk management and control during daily operating activities. The Board consistently works on building a "Prudent, Aggressive and Responsible" risk culture through proactive risk management activities with a view to ensuring the high-quality and sustainable development of the Group.

RISK MANAGEMENT COMMITTEE

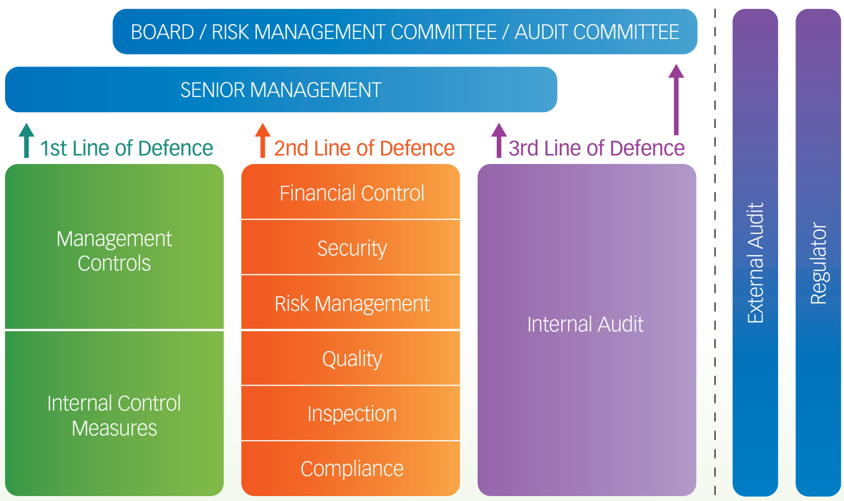
The Risk Management Committee is delegated by the Board with responsibilities to oversee the Group's overall risk management framework and to advise the Board on the Group's risk-related issues. The Risk Management Committee is also responsible for approving the Group's risk management policies and assessing the effectiveness of the Group's risk controls. The details of the terms of reference of the Risk Management Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

The Risk Management Committee held two meetings during 2019 and focused on the discussion on the following matters:

- reviewed and approved the "Risk Management Report" for the year 2018 and the first half of 2019 and risk management plan for the year 2019 prepared by the Company's Internal Audit Department in relation to the Group's risk management framework, effectiveness of the risk management system, specific risk management conditions (including the risks associated with information and internet security, shared financial system, confidentiality of information, thermal coal future contracts, cash flow, and new energy development policy) and the responsive measures adopted for risk control, and risk management policies which govern the identification, assessment, monitoring and reporting of the major risks faced by the Group; and
- reviewed and approved the adequacy of resources, staff qualifications and experience of the Company's risk management functions.

RISK MANAGEMENT FRAMEWORK

Pursuant to the standards regarding risk management framework of the COSO (including standards being updated on an ongoing basis), the Group has established a risk management framework with "three lines of defence":



1st line of defence: Business risk management — During the course of business activities, each of the functional department and business unit, as well as personnel holding the respective business position, shall be the first responsible unit for handling matters within their terms of reference for risk identification and management.

2nd line of defence: Supervision and support for risk management — The Risk Management Committee under the Board and the functional departments for risk management, including the departments responsible for the functions of internal audit, legal affairs, compliance, finance, human resources, safety and environmental protection monitoring, shall assist the front-line business departments to assume joint responsibilities for overseeing, inspecting and evaluating those works relating to the implementation of risk management.

3rd line of defence: Independent assurance — The Audit Committee under the Board and the Group's Internal Audit Department shall be responsible for auditing the results of the risk management works and issuing an audit report.

In 2019, in order to effectively prevent and mitigate major risks, the Group made detailed assignment for tasks in relation to major risks so as to optimize the comprehensive risk management system that integrates hierarchical management and control with the "three lines of defence", and regularly carried out annual major risks prevention and mitigation works as well as major decision-making for risk assessment, prevention and control in collaboration with various business departments, thereby ensuring the management of major risks through coordination of joint management and joint prevention. Meanwhile, to accommodate the needs of its strategic development, the Group established an audit center and incorporated the development of risk management and internal control systems into the unified planning of the audit center for carrying out standardized development of audit, risk and internal control procedures, thereby realizing risk alert and compliant operation by making full use of big data and hence further optimizing the risk management network of the Group.

RISK MANAGEMENT MECHANISMS AND PROCEDURES

The risk management mechanisms and procedures of the Group mainly comprise (i) comprehensive risk management, (ii) risk management targeting major investment projects, and (iii) specific risk management targeting key risk areas.

The procedures of comprehensive risk management are as follows:

Phase 1: Formulating risk management policies, strategies and risk assessment standards — The Board shall determine risk policies in respect of the Group's governance, culture and development strategies, and shall take these policies into consideration when determining its business targets. The Risk Management Committee shall be entrusted by the Board to determine the risk management strategy of the Group, while the Group's Internal Audit Department shall establish common risk assessment standards and set up risk score sheet for the Group.

Phase 2: Comprehensively collecting first-hand information for risk management and risk identification — Each department/business unit shall extensively and continuously collect internal and external information in relation to the risks of the Group and the risk management thereof and identify potential risks that may have an impact on the key processes of their operations.

Phase 3: Conducting risk assessment and establishing comprehensive risk management ledger — Each department/business unit shall assess and score the risks identified along with their impact on the business and the likelihood of their occurrence. All risks of the Group and its subordinated units shall be recorded in the risk management ledger.

Phase 4: Risk follow up treatment as well as tracking and update of risk management ledger on a quarterly basis — Based on the assessment, each department/business unit shall propose measures for monitoring and treatment of risk identified and determine the responsible person for the risk. All these information shall be fully recorded in the risk management ledger and updated on a quarterly basis to ensure the risks are controllable.

Phase 5: Risk reporting and monitoring — Each department/business unit shall monitor their own risk mitigating works and summarize and report the comprehensive risk management condition to the Risk Management Committee bi-annually, so that the Committee can keep abreast of the distribution and changes of comprehensive risks on a continuous basis, evaluate the effectiveness of the risk management works and suggest measures for improvement. The Risk Management Committee submits the "Risk Management Report" to the Board annually.

The risk management procedures targeting major investment projects are as follows:

Project Initiation and Feasibility Study Stage: Business departments and all supporting departments for risk management shall conduct work such as feasibility study and due diligence report for their investment projects, so as to fully identify and assess the risks of the investment projects and the risk cost thereof, and put forward strategies and measures against material risks.

Investment Decision Stage: Before making investment decisions, the relevant departments shall prepare the risk assessment report for specific project based on the feasibility study and the due diligence report with a view to disclosing the risks of the investment project and the impact of the risk factors, and suggest preventive measures.

Construction Stage: The relevant departments shall conduct risk analysis on the conditions for commencement of construction, including analysis on compliance risks relating to aspects such as land, environment and energy conservation, technical risks relating to engineering design plan and risks relating to engineering management, etc. Construction work will only be commenced after establishing feasible responsive measures and passing the compliance evaluations.

Management through closed-loop tracking: A closed-loop tracking mechanism will be implemented for the risk analysis and evaluation conclusion for each of the above stages to ensure all risks are controllable and under control.

The procedures of specific risk management targeting key risk areas are as follows:

Identification and selection of key risk areas: The management shall hold regular meetings to identify new, non-traditional and typical risks arising in the course of strategic development of the Company, and commence specific risk assessment on such area.

Commencement of specific risk investigation, research and assessment: Prior to the assessment, the functional departments shall collect data, determine risk checkpoints, verify and identify risks on-site and discuss with the business management departments (brainstorming). The identified risks shall be quantified and a risk ledger shall be established according to risk level. Responsive measures shall be formulated against such risks based on the risk strategy.

Compilation of risk assessment report and put forward management advice: The risks assessed and responsive measures thereof shall be submitted to the relevant business management department for consideration and review. The relevant business management department shall put forward management advice for responsive measures relating to high- and mid-level risks, formulate risk assessment and management report upon discussion with the functional departments, and provide guidance to the responsible business unit to commence its risk management works.

Management through closed-loop tracking: Risk checkpoints identified through the specific risk assessment shall be included in the risk management ledger. Through the integration of specific monitoring and dynamic monitoring, comprehensive tracking and prevention of risks shall be in place, and various requirements relating to risk management and control shall be incorporated into corporate management and corporate procedures.

In 2019, the Board continued to place great emphasis on risk prevention and control in relation to information security, internet security, sharing of financial information and the relevant confidentiality, in response to this strategy, the Group has conducted specific risk assessment in such areas as information and internet security, financial sharing system, and information confidentiality, and put forward detailed management advice, thereby ensuring the risks are controllable and under control. Meanwhile, it continued to develop the Group's information platform for compliance management. Information technology will be used to manage the compliance review and assurance procedures for decision-making, contract execution, procurement and capital management.

Pursuant to the risk assessment for 2019, the major risks of the Group are as follows:

No. 1	**Type of Risks**	**Risks relating to compliance management**
Description of Risks	Target Risk Trend 2019	Key Response Measures
Owing to reasons such as insufficient staffing and lack of relevant knowledge and experience, the newly acquired subsidiaries may not have sufficient understanding of the regulatory and disclosure requirements for listed companies in Hong Kong, and hence the initiative to comply with regulatory rules of listed companies are yet to be improved and may not be able to report material events on a timely basis, coupled with the separation of management power, there was risk relating to the timeliness and accuracy of information disclosure as a listed company.		1. Step up efforts in the promotion of the rule of law, systems and policies, and strengthen the training on regulatory rules and systems of statutory information disclosure as a listed company for newly acquired subsidiaries, including training sessions and exchange seminars on the review of connected transactions. 2. Adopt various measures to ensure clear segregation of responsibilities and authorities of each subsidiary of the Company with a list of powers delegated to subsidiaries in different provinces, specific requirements on benchmarking of management and control and the division of their responsibilities and authorities promulgated, with a view to enhancing their awareness towards compliance and disclosure. 3. In 2019, the Group adopted innovative audit methods to carry out its quarterly review of continuing connected transactions in form of both on-site and off-site inspections. Pursuant to the regulatory requirements for listed companies in Hong Kong, the Group, by the way of on-site review, has adequately communicated and shared information with each of its subsidiary in aspects such as continuing connected transactions and internal risk control, and ensured full coverage and effective operation of its internal control systems through self-supervision, diagnosis and improvement, which has in turn laid a solid foundation for standardized and formalized management of the Group.

No. 2	**Type of Risks**	**Risks relating to policy**
Description of Risks	Target Risk Trend 2019	Key Response Measures
The policy changes in relation to tariffs of renewable energy might affect the tariff of and subsidies for new development projects, and hence resulted in a decrease in revenue and profit. There is still uncertainty as to when the subsidies for the operating renewable energy projects would be in place, which have had an adverse effect on the operation.		1. Step up efforts in the research and analysis of policies to make timely adjustments to development strategies. 2. Closely monitor the subsidies for the tariff of renewable energy and timely apply for such subsidies. 3. Strengthen the communication with local government departments, and closely monitor the adjustment of policies, laws and regulations. 4. Actively conduct policy research to seek energy subsidies under the supporting policies. 5. Formulate and implement an initiative of "adopting corresponding policy for each individual power plant" to secure power production quota, thereby enhancing the market competitiveness of the power generating units and increasing the share of market trading electricity. Great efforts have been made to secure regional incentives for energy saving and deployment in a bid to increase revenue. 6. Actively participate in the grid parity projects promoted by the government. In 2019, CP Chaoyang's photovoltaic power station with capacity of 500MW, as one of the first batch of grid parity projects, has officially commenced operation. Going forward, the Group will successively participate in wind power and photovoltaic power grid parity projects.

No. 3	**Type of Risks**	**Risks relating to information security**
Description of Risks	Target Risk Trend 2019	Key Response Measures
Existence of risks relating to the cyber-attacks on the power monitoring system, which would undermine its production safety. There were also risks relating to failure of information system in providing services for a prolonged period of time due to the malfunction of infrastructure. Any attacks on the shared financial service center of the Company for the centralized management of various financial data may cause disruption of data transmission, which will, in turn, affect business operation.	↓	1. In view of the risks of possible attacks on the power monitoring system, each of the power plant has completed the establishment of situational awareness system for security of industrial network, and continuously required all business units to enhance promotion and education, and maintain strict compliance with the safety management system. 2. In view of the risks relating to the malfunction of infrastructure, the Company conducted risk assessment on and reinforced the operation of the data center established by it to safeguard information security. 3. In view of the risks of possible attacks on the shared financial service center, the system has adopted dual power supply, the high-power uninterruptible power system with mutual hot-standby function, comprehensive fire safety equipment and other environmental safety measures. The center is also equipped with adequate network safety equipment and the capability of on-site backup, off-site disaster recovery of information and segmentation of internal and external networks.

No. 4	**Type of Risks**	**Risks relating to macro-economy**
Description of Risks	Target Risk Trend 2019	Key Response Measures
The continued economic structural adjustment in China might lead to reduction in electricity demand.	—	1. Conduct analysis and research on the supply and demand relationship in the electricity market with a view to seizing every opportunity to achieve basic electricity goals, at the same time making strenuous efforts to expand the free trade market for electricity beyond its basic electricity goals, and actively commencing works in relation to direct transaction with major power users. 2. Strengthen its works in relation to inter-regional power transactions with a view to increasing the volume of power output. 3. Give full play to the role as a power trading platform to ensure effective distribution of the electricity generated by power generating companies. 4. Develop integrated energy services that can provide various energy services including electricity, heat, cold energy and water for industrial use simultaneously to users. 5. Actively develop intelligent energy services in the new economic development zones, which are the key development areas in the PRC. 6. Carry out heat supply system renovations for large-scale coal-fired power generating units with a view to expanding into the new market of heat supply. Currently, over half of the coal-fired power plants of the Company are capable of both electricity generation and heat supply. 7. Actively develop emerging markets by carrying out acquisition and project investment in rapidly growing provinces.

No. 5	Type of Risks	Foreign Exchange Rate Risks
Description of Risks	Target Risk Trend 2019	Key Response Measures
With the general rising trend of USD exchange rate in 2019 under the impact of US-China trade conflicts, there were increased uncertainties regarding exchange rate fluctuations.	—	1. Optimize the structure and proportion of the asset and liability in matching currency as well as appropriately reduce the demand for loans denominated in foreign currencies, so as to avoid part of the exchange loss due to changes in exchange rates. 2. Measures such as forward exchange and options would be considered to adopt for hedging foreign exchange risks as appropriate.

No. 6	Type of Risks	Risks relating to project construction management
Description of Risks	Target Risk Trend 2019	Key Response Measures
• In respect of the safety of project construction, there was risk relating to personal injuries, and safety incidents will directly affect the Company's reputation and cost of the project. • In respect of project progress, with the increasingly stringent regulatory policies, the cost of environmental compliance of the Company has increased. There was also risk that individual construction project may not be completed on schedule. • If the construction in progress failed to meet the requirements of equipment commissioning and acceptance quality, which gave rise to the risk that the timing of commencement of production and operation of the project may be affected. • During the course of project development, there may be ambiguities concerning the nature and title of land use and non-compliant procedures in relation to the lease process of collectively-owned land. In the event that the Group fails to verify with the relevant authorities in a timely manner, the subsequent development of the project may be affected.	↓	1. Strengthen the selection of contractors for construction projects to ensure compliance with the stringent tendering process and that the construction quality can meet the requirements of the government based on their expertise. 2. Strengthen the training for and management over construction workers to enhance the level of safety management and the prevention and protection skills of the staff. 3. For construction projects that involve more dangerous works, precautionary measures and prearranged plan for emergencies have been formulated. 4. Strengthen the tracking and on-site inspection during the construction process, as well as enhance safety technology briefing to ensure safety risks of the construction projects are controllable and under control. 5. Verify the title certificates of the land with the Ministry of Land and Resources. Where the land use involves collectively-owned land, the Group shall obtain approval from more than two-thirds of the members of the villagers assembly or of the villagers' representatives. Land transfer contracts shall be approved by, and registered or filed with the relevant competent administrative authorities.

No. 7	Type of Risks	Risks relating to production management
Description of Risks	Target Risk Trend 2019	Key Response Measures
• Given the more stringent environmental protection laws and regulations, any failure to meet such requirements may result in shutdown of generating units or suspension of production, and hence increase the risks relating to production management. • Major overhaul maintenance and repairs of power generating units, delay of completion of technical upgrade projects as well as failure to meet the designed standard of maintenance and repairs may give rise to risks that facilities may be affected and unable to commence production or operation as scheduled.	–	1. Strictly adhere to national laws and regulations regarding safety and health, and continue to improve the working conditions, provide employees with working tools and protective gears that are in line with safety standards, arrange various training programs and drillings on safety knowledge, safety skills and emergency situations. 2. Continuously push forward and strive for successful trial run of the standardized operation of the Group, continue to strengthen the supervision and inspection over preliminary production and ensure that its employees are equipped with the skills required for their positions. Facilities and construction area are safely isolated when the facilities are put into operation or test run. 3. Adopt digitalized management and implement standardized operation procedures for daily production of power plants to reduce the risk of human errors. 4. Strictly ensure the management over commencement and retirement of power plants, enhance the identification of production risks and formulate relevant measures. 5. Strengthen the environmental and production management of power plants and carry out the technical upgrade, maintenance and repairs for power generating units on a timely basis.

No. 8	Type of Risks	Risks relating to cash flow
Description of Risks	Target Risk Trend 2019	Key Response Measures
With the increase in working capital requirements due to new construction projects, investment in technical upgrade of power generating units, investment for meeting environmental compliance requirements and repayment of borrowings as and when they fall due, coupled with the relatively narrowed financing channels of certain subsidiaries and the delayed grant of subsidies for renewable energy projects, the cash flow position may be under greater pressure.	↑	1. Enhance the level of management, diversify the source of revenue, strengthen cost control, and enhance the level of operation of the existing projects. 2. In 2019, the Company issued mid-term notes of RMB2 billion and super & short-term commercial paper of RMB500 million, respectively, in the PRC, which has further improved the cash flow position. 3. In 2019, the Company renewed the Financial Services Framework Agreement with SPIC Financial, which has increased the interest income and saved finance cost of the Group, and ensured cross-border flexibility for utilization of the Group's funds. 4. Adopt various measures to further reduce the corporate debt ratio, further enhance the Company's and each of the project company's multi-channel financing capability through various financial products such as supply chain financing, cross-border direct loans and note discounting as well as implement the management system of "Plan-Budget-Assessment-Incentives" so as to enhance the management on working capital budget and reduce funding risks.

ENVIRONMENTAL PROTECTION

Adhering firmly to our core value of "striving for clean development, contributing green energy", the Group has been putting great efforts in exploring and upgrading technologies in relation to energy conservation and emission reduction, pushing forward the development of clean energy and actively promoting sustainable development in social, economic and environmental aspects, with an aim of becoming a resource-saving and environment-friendly enterprise with high proportion of clean energy, low consumption of energy resources, and low discharge of pollutants. The year 2019 marked the 15th anniversary of the Group's listing. While promoting its diversified development, the Group has also been committed to maintaining high-quality development and making steady progress, forging ahead towards the goals of "establishing itself as the world's leading major clean energy enterprise" in full force.

1 Climate Change — Coping Strategies and Actions

The PRC government always places strong emphasis on environmental protection. Relevant legislations were enacted continuously to facilitate the development of renewable energy and a number of environmental protection policies were promulgated successively with a view to realizing sustainable development of both the economy and the environment. With China officially becoming a party to the Paris Climate Change Agreement in 2016 indicating a serious commitment to tackling climate change, the PRC government issued in the same year the national economic "13th Five-Year" plan for energy and power development, in which the targets for clean energy development up to 2020 were specified. In order to keep abreast of the trends and requirements on combating climate change overseas, the PRC government has imposed higher requirements on the efforts in relation to combating climate changes in recent years. Despite being confronted with increasing number of new and more stringent requirements on environmental protection when fulfilling its social responsibilities, the Group acknowledges that it is incumbent upon, and obligatory for an energy and power enterprise to actively cope with global climate change, formulate corresponding strategies and take relevant actions.

1.1 Our Strategies

Aims and Directions for Development

The Group is committed to establishing itself as a clean low-carbon integrated energy enterprise and contributing to the effective responses to global climate change. The Group's directions for development to achieve its existing goals are as follows:

(1) **Focus on the development of clean energy:** continue to increase the proportion of clean energy by maintaining our leading edge in hydropower generation and making further progress in the development of quality clean energy projects, which are mainly large-scale "grid parity" and "competitive bidding" wind power and photovoltaic power projects, while controlling and slowing down the development of coal-fired power.

(2) **Achieve comprehensive purification of the existing coal-fired power:** to complete the ultra-low emission technical upgrades for coal-fired power in order to reduce the pollutants and greenhouse gases emission per unit of power generated; to enhance the efficiency of the power generating units in order to reduce the consumption of fossil energy per unit of power generated; to push ahead with the upgrade of heat supply from coal-fired power to enhance the heat supply capability and effectively reduce the consumption of other energy by utilizing waste heat for heat supply.

(3) **Reduce investment in coal-fired power:** shutdown those coal-fired power generating units with small capacity, low parameters and not feasible to carry out the ultra-low emission technical upgrades; actively seek for cooperation with other enterprises to develop the existing coal-fired power in order to reduce the proportion of shareholding in coal-fired power enterprises.

(4) **Promote technological innovation:** strive for breakthroughs in the areas of clean energy and low-carbon emission technologies with greater research and development inputs; to develop intelligent management and control systems for enhancement of power generating units in terms of safety, reliability and efficiency.

(5) **Explore other types of energy:** actively explore new energy segments, and seek to participate in the hydrogen power application demonstration projects of Beijing 2022 Winter Olympic Games by further promoting the development of hydrogen energy projects; study the possibility of developing waste power generation and conduct research on domestic and foreign technologies in order to assure that emission levels are in compliance with international safety standards.

Basis of Actions

The actions carried out by the Group are based on:

(1) **Policy guidance:** commitments made by the PRC government upon entering into the Paris Climate Change Agreement, targets as set out in the national economic "13th Five-Year" plans for energy and power development of the PRC, "Air Pollution Prevention and Control Action Plan (《大氣污染防治行動計劃》)", "Action Plan of the Upgrade and Renovation for Coal-fired Units to Achieve Energy Saving and Emission Reduction (2014-2020) (《煤電節能減排升級與改造行動計劃(2014-2020年)》)", among other policies.

(2) **Regulatory standards:** "Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)", "Air Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》)", "Emission Standard of Air Pollutants for Coal-fired Power Plants (《火電廠大氣污染物排放標準》)", "Ambient Air Quality Standards (《環境空氣質量標準》)" and other regulatory standards on environmental protection issued by the central and local governments.

(3) **Working guidelines:** "Action Plan for Enhancing the Protection of Ecological Environment (《生態環境保護提升行動方案》) " and working guidelines regarding the protection of ecological environment issued by other business units.

Strategic Support

The Group implemented its transformational development strategies and actively promoted the development of clean energy, integration, smart technology and international expansion. In particular, development in modern clean energy was ramped up in a bid to reduce reliance on traditional energies as soon as possible and gradually transform from high-carbon into low-carbon generation, which is a major component in the Group's transformational development strategy. The established strategy of the Group strongly supports various initiatives in coping with climate change.

1.2 Our Works

Air pollution

In strict compliance with the "Emission Standard of Air Pollutants for Coal-fired Power Plants (《火電廠大氣污染物排放標準》)", "Ambient Air Quality Standards (《環境空氣質量標準》)" and other pertinent laws and regulations as well as in response to the requirements under "Action Plan of the Upgrade and Renovation for Coal-fired Units to Achieve Energy Saving and Emission Reduction (2014-2020) (《煤電節能減排升級與改造行動計劃(2014-2020年)》)", the Group effectively controlled the emission of airborne pollutants by installing dedusting, desulphurization and denitration facilities and procuring coals with less pollutant contents.

During 2019, the Group commenced the technological project of "Technology for Efficiency Improvement of Denitration Systems Based on Advanced Measurement and Control Technology (《基於先進測控技術的脫硝系統效能提升技術》)" to maximize the denitration efficiency in an attempt to reduce pollution on the environment due to leakage of ammonia.

During 2019, Wuhu Power Plant carried out the upgrade project for on-shore power facilities at coal transportation terminals to provide stable and uninterrupted electricity supply to coal vessels berthing at terminals in replacement of the vessels' own oil-fired electricity system, thereby achieving "zero emission" of air pollutants during berthing and improvement of ecological environment within the region on a continuous basis.

Emissions

As part of the continuous environmental protection upgrade plan, the Group embarked upon environmental protection upgrade with an aim for ultra-low emission. As of the end of 2019, more than 90% operating coal-fired power generating units of the Group have met the standards of ultra-low emission, among which six power plants have received incentive electricity of approximately 1,521,000MWh in aggregate for environmental protection from the local governments.

Density of nitrogen oxide and sulphur dioxide emission increased year-on-year, which was mainly attributable to the increase in average emission density driven by the commencement of commercial operation of two 660MW power generating units that failed to meet the standards of ultra-low emission. However, the emission density of flue gas and dusts of the Group reduced further by 12.5% as benefitted from the impressive results of the ultra-low emission technical upgrades for certain power plants.

Although the emissions of carbon dioxide, nitrogen oxide and sulphur dioxide have risen due to the increase in coal-fired power generation during the year under review, the Group has significantly reduced the emission of greenhouse gases by developing clean energy projects, effectively curbing such increases. In 2019, the Group's clean energy power generation amounted to 27,902,917MWh, representing a reduction in carbon dioxide emission of 22,127,013 tonnes.

SOCIAL RESPONSIBILITY

The Group complies with the quality, safe, healthy, and environment protection management principle of "Quality Products and Services, People-oriented, Risk Control, Green Operations", pursuing high standards of operations and striving to minimize the adverse impact on the society and the environment. We have raised the proportion of clean production in a continuous basis so as to provide safe, economical and clean products and services to the society and customers. The Group has also strengthened the communication and cooperation with various stakeholders with a view to fostering a win-win society.

2 Employment and Labour Practices — A People-Oriented Approach

Our employees are the driving force behind our sustainable development. We have always been committed to the provision of a sound workplace for employees and the protection of employees' lawful rights. Health and safety of the employees are our concern and a wide-ranging platform has been in place for career development of the staff so as to create a corporate culture of loyalty and cohesiveness, promoting the mutual growth of the staff and the corporation.

3 Operational Practices — Safeguarding Stable Development

The Group works diligently to provide safe and reliable power supply for economic and social development and persists in value-sharing with the industry chain, seeking to drive economic development at the places where it operates and share with the community the results of its development. Taking into account the features of the power industry and its own characteristics, the Group incorporates the philosophy of social responsibilities in its management and operation and makes contribution to the sustainable development of the society and the environment, in a bid to constantly enhance its commitment to social responsibilities.

Supply chain management

The Group persists in developing fair and impartial working relationship with suppliers. Bulk purchases of fuel and other materials are subject to a management regime that separates the three functions of purchase, delivery inspection and acceptance, and supervision with a view to eliminating corruption at source. The Group strives to establish fair, just and stable mid-to-long-term cooperation with its suppliers. Contracts and agreements are performed in stringent compliance with contractual requirements and each supplier is equally treated with respect.

The Group has formulated a stringent and standardized system for the selection and management of suppliers. It has also established a supplier review team, which will conduct strict reviews according to the integrity, quality assurance, punctuality of supply and price reasonableness, etc., to select more competent and reputable suppliers so as to jointly maintain a healthy and orderly marketplace in accordance with the "Implementation Measures for the Management and Evaluation of Fuel Suppliers (《燃料供應商管理與評價實施細則》)", "Management System for Material Suppliers (《物資供應商管理制度》)", "Administrative Measures for Recording the Misconduct of Suppliers (《供應商不良行為記錄管理辦法》)" and other pertinent regulations.

Approval of fuel suppliers is subject to the fulfilment of precedent conditions for cooperation between the relevant parties, which is, in principle, based on the mineral or logistics resources possessed. Suppliers are assessed and examined in a comprehensive manner with reference to their qualifications, skill competences, product qualities, pricing, after-sale services and reputation, and are graded as I, II and III accordingly in accordance with the "Catalogue for Grading and Classification of Materials (《物資等級分類目錄》)". The Group focuses on examining suppliers of Grades I and II and those which are newly added and intended to be eliminated.

While fulfilling its own social responsibility, the Group also incorporates concepts and requirements of social responsibilities in the management of suppliers, and clearly stipulates that materials must meet the relevant national environmental protection laws and standards while signing purchase contracts, in order to prevent pollutants from exceeding the emission standards at source. The Group also verifies suppliers' qualifications on, among others, safety work and staff training, in order to raise suppliers' awareness of social responsibility management. In 2019, the Group assessed a total of 4,386 (2018: 2,212) suppliers of fuels and other materials, and identified 142 unsatisfactory suppliers, 66 of which were blacklisted.

In terms of electricity production and sales, the Group's major customers are regional and provincial power grid companies, through which it sells the electricity generated by its power plants to power users and settles the transactions. The Group has been maintaining long-term and good customer relationship with the power grid companies in various locations where its power plants are located. In 2019, seizing the opportunity directed by the PRC government in opening up the electricity market, the Group has been actively expanding its own customer base by proactively liaising with enterprises of large electricity consumption and building with them long lasting and sustainable partnerships by developing and providing value-added services in order to secure the increased market share in direct power supply.

Safe production

Regarding safe production as the pre-requisite for maintaining stable power supply and ensuring sustainable development of the Group, the Group firmly adheres to the safety philosophy that "no risks are uncontrollable, no breaches are unpreventable and no accidents are unavoidable" and the safe production directives of "safety as priority, prevention rather than cure, and comprehensive management". No material safety incident related to our employees, facilities or environmental protection occurred in 2019.

4 Community Investment — Promoting Harmony and Development

The Group is actively involved in community building and conducts its business in a responsible manner in the places where it operates, with the aim of driving local economic and social development. In order to effectively fulfil its social responsibilities and contribute to the sustainable development of the communities, the Group, by leveraging its own advantages, actively encourages its employees to participate in volunteering services, supports rescue and relief efforts, organizes social charity events, science and technology education and other campaigns that contribute to the well-being of local communities based on their practical needs.

The full version of the "Environmental Protection and Social Responsibility Report" will be posted on the websites of the Company and the Hong Kong Stock Exchange on or before 30 June 2020.

Investor Relations and Frequently Asked Questions

INVESTOR RELATIONS

The Company, the Board and the management have always prioritized the investor relation activities and deeply acknowledge that investor relations is a strategic management activity which could enhance understanding between investors and the Company, upgrade the level of corporate governance, transparency and strategic credibility and create values for shareholders. Since the listing of the Company, we have been putting efforts in investor relation work, maintaining sufficient communications with the investors. We are also convinced that reporting to shareholders and establishing a good investor relation are important responsibilities of the Board and the management.

The Company has been proactively organizing and participating in various types of investor relation activities so as to communicate with investors regularly and share with them the strategic plans of the Company. By engaging investors in in-depth communications with regard to public information, investors can comprehensively understand the Company's production operation of various business segments, corporate governance, dedication towards environmental protection and fulfillment of social responsibilities. The Chairman of the Board, the Directors and the senior management have participated in a variety of investor relation activities to maintain direct communication with the investors.

In addition, the Company places great emphasis on the feedback from the investors, and ensure their feedback can reach the Board and the management through internal channels. By this, we continuously improve our operations and management while creating greater value for the shareholders.

Press Conferences for Annual and Interim Results

In 2019, the Company organized press conferences right after the publications of its 2018 annual results and 2019 interim results. A total of more than 100 investors and securities analysts attended the press conferences. The Directors and the senior management of the Company actively communicated with the participants to keep them abreast of the operations and the development strategies of the Company as well as actively strive for investors' understanding and recognition of the future development plans and profit growth points of the Company.

General Meetings

A general meeting and the annual general meeting of last year were held on the same date of 6 June 2019 at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The Directors and the senior management together with the external independent auditor attended both meetings to answer enquiries from the shareholders and investors attending the meetings. All ordinary resolutions proposed at the meetings were duly passed by shareholders' voting.

The annual general meeting for this year is proposed to be held on 11 June 2020.

Roadshows and Reverse Roadshows

In 2019, we launched roadshows in the Mainland China, Hong Kong, Singapore and United States to coordinate with the announcing of the results of the Company and promote strategies and operating results of the Company. The senior management and investor relations team of the Company participated in the roadshows to have meetings with investors. In addition, the Company also arranged site visits to the hydropower plants of Wu Ling Power and Tuokou Power Plant at the request of the investors, which enabled them to have more direct understanding to the production operation of the Group, thereby enhanced the good interactive relationship between the Company and the investors.

In 2019, the Company met with a total of more than 60 securities analysts and fund managers through roadshows and reverse roadshows, which effectively promoted communication between the Company and the investors.

Investor Forum

In 2019, the senior management and investor relations team participated in ten major investor forums in Hong Kong, Beijing, Shanghai, Zhejiang, Shenzhen, etc., and met nearly 50 securities analysts and fund managers in total.

Regular Meetings with Investors

The Company is pleased to communicate with every investor. Apart from attending major investor activities regularly, the management will make their best efforts to meet with individual investors or investor groups from time to time, and will arrange meetings conscientiously. In 2019, the Company received visits of approximately 30 analysts and fund managers from investment institutions in Hong Kong and Beijing offices.

Shareholders and Investors Enquiries

The contact information for shareholders and investors enquiries are set out in the section headed "Useful Information for Investors" in this annual report.

FREQUENTLY ASKED QUESTIONS

Q1. What is the Company's Development Strategy?

A1. As a leader in technological innovation and institutional innovation, the Group has been proactively implementing its transformation and development strategy, exploring renewable energy grid parity projects through the development of clean energy and integrated intelligent energy on a continuous basis and seeking for overseas expansion, striving to become the world's leading clean energy enterprise.

Q2. Does the Company have any Plans to Acquire the Assets from its Parent Companies?

A2. In response to the rapid changes in the market conditions of natural gas power, the Company has terminated the agreement in relation to the acquisitions of all equity interests in Guangdong Company and Sihui Company from its parent companies in August 2019, but reserved the pre-emptive rights.

In the future, the Company will continue to capitalize on the supports from its parent companies and create more values for its shareholders. Currently, apart from the information already disclosed by the Company, there is no other disclosable information in relation to the acquisition of the assets from the parent companies.

Q3. What is the Company's Opinion on Coal Supply and Demand in 2020?

A3. In 2020, affected by factors such as the expected increase in coal output, the expanded railway capacity and the higher consumption ratio of clean energy power, the balance of supply and demand for coal is expected to be more relaxed, while the overall coal price may remain fluctuating with a downward trend. However, under the influence of national control policies, the development of the novel coronavirus epidemic and other uncertainties, the coal price may be volatile.

Q4. What is the Company's Dividend Plan?

A4. The Company announced its revised dividend policy in January 2019, which increased the amount of dividends from not less than 25% of the profit attributable to owners of the Company to not less than 50% of the profit attributable to owners of the Company. In addition, the Board of the Company has reached a consensus to maintain a relatively consistent amount of dividend per share for the three consecutive years starting from 2018, which, in principle, will be not less than the dividend per share declared by the Company in 2017.

Q5. What is the Company's Opinion on the Reform of the On-Grid Tariff Formation Mechanism for Coal-Fired Power Generating Units?

A5. In October 2019, according to the "Guiding Opinions on Deepening the Reform of the On-Grid Tariff Formation Mechanism for Coal-Fired Power (《關於深化燃煤發電上網電價形成機制改革的指導意見》)" published by the NDRC, the current benchmark on-grid tariff mechanism for coal-fired power generating units will be changed to the market-oriented price mechanism of "benchmark price + upward/downward fluctuation". According to the current feedbacks from various regions, most of the regions will fully comply with the national guiding opinions. Regarding the structure of electricity sale, the Group expects that the proportion of market trading electricity of coal-fired power will exceed 60%, while the discount for market tariff will remain reasonable with limited fluctuation in the unit price of total electricity sold.

Q6. What is the Company's Opinion on the Reform of the Renewable Energy Subsidy Policy?

A6. Recently, the "Opinions on Promoting the Healthy Development of Non-hydro 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》)" jointly issued by the Ministry of Finance of the PRC, the NDRC and the National Energy Administration proposed to reasonably determine the scales of additional subsidy projects by way of "determining expenditure based on incomes". Policy support in respect of prioritized payments of subsidies and new project scales will be given to existing projects voluntarily switching to grid parity projects. Currently, the Group will focus on the development of grid parity and competitive-bidding photovoltaic power projects to accumulate resources and experiences. The Group will also timely adjust its strategies in accordance with the progress of reform of the renewable energy subsidy policy, and continue to optimize the income return and subsidy recovery process of the existing and additional renewable energy projects.

The Board hereby presents to the shareholders its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "Consolidated Financial Statements").

PRINCIPAL ACTIVITIES

The principal activities of the Group are to develop, construct, own, operate and manage large power plants for generation and sale of electricity in Mainland China, and also engage in investment holdings. Particulars of the Company's principal subsidiaries are shown in Note 48 to the Consolidated Financial Statements.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2019 are set out in the Consolidated Income Statement on page 95. The Board has recommended the payment of a final dividend of RMB0.13 (equivalent to HK$0.1426) per ordinary share for the year ended 31 December 2019, with a total amount of RMB1,274,895,000 (equivalent to HK$1,398,462,000).

BUSINESS REVIEW AND PERFORMANCE

Review of the Group's business and performance for the year ended 31 December 2019 are set out in this annual report as follows:

Aspects	In the section headed	Page
A fair review of the Group's business and analysis of financial position	• Management's Discussion and Analysis	23-37
A description of the principal risks and uncertainties facing the Group	• Risk Management Report • Note 45 to the Consolidated Financial Statements	60-66 180-188
The outlook of the Group's business	• Letter to Shareholders • Management's Discussion and Analysis	16 41-42
The Group's environmental policies and performance and compliance with the relevant laws and regulations that have a significant impact on the Group	• Summary of Environmental Protection and Social Responsibility Report • Management's Discussion and Analysis	67-69 38-39
An account of the Group's key relationships with its stakeholders that have a significant impact on the Group	• Management's Discussion and Analysis • Summary of Environmental Protection and Social Responsibility Report • Investor Relations and Frequently Asked Questions	40-41 70-71 72-73

CORPORATE GOVERNANCE

The principles and practices of the Group's corporate governance are set out in the section headed "Corporate Governance Report" of this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out in the section headed "Five-Year Financial and Operations Summary" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year, the additions and transfer from prepayment for property, plant and equipment of the Group amounted to RMB11,977,678,000, mainly representing general power assets. Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in Note 14 to the Consolidated Financial Statements.

SHARE CAPITAL

There was no change in the share capital of the Company during the year.

COMMERCIAL PAPERS AND NOTES ISSUED

In August 2019, the Company obtained approvals from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue super & short-term commercial paper for an aggregate amount of RMB1 billion and medium-term notes for an aggregate amount of RMB4 billion in the PRC respectively with an effective registration period of two years. The first tranche of RMB500 million 270 day-super & short-term commercial paper and the first tranche of RMB2 billion three-year notes were issued respectively in September 2019.

Details of the commercial papers and notes of the Group and the Company during the year are set out in Note 37 to the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENT

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in Notes 34 and 51 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVE

As calculated in according with Sections 297 and 298 of the Hong Kong Companies Ordinance, as at 31 December 2019, the distributable reserve of the Company amounted to RMB4,823,295,000 (2018: RMB5,144,033,000).

DIRECTORS

The present Directors of the Company are set out in the section headed "Corporate Information" of this annual report. Biographical details of each of the Directors are set out in the section headed "Directors and Senior Management Profiles" of this annual report, and details of Directors' emoluments are set out in Note 13 to the Consolidated Financial Statements.

In accordance with Article 82 of the Company's articles of association and the Listing Rules, Mr. WANG Xianchun and Mr. YAU Ka Chi will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. If the above Directors are re-elected, they will not enter into service contracts with the Company or any of its subsidiaries which are not determinable by the employing company within one year without payment of compensation other than statutory compensation.

As at 31 December 2019, none of the Directors had a service contract with the Company or any of its subsidiaries which was not determinable by the employing company within one year without payment of compensation other than statutory compensation.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors independent.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2019 or during the period from 1 January 2020 to the date of this annual report are available on the Company's website at www.chinapower.hk.

PERMITTED INDEMNITY

Pursuant to the Company's articles of association, subject to the Statutes, every Director of the Company shall be indemnified against any liability incurred by him in the execution and discharge of his duties or in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

SHARE OPTION SCHEME

All share options previously granted under the share option scheme approved and adopted by the Company in August 2004 were entirely lapsed upon expiry pursuant to the terms of the said scheme by 1 July 2018. At present, the Company has no other share option schemes.

DIRECTORS' INTEREST IN CONTRACTS

During the year ended 31 December 2019, there was no transaction, arrangement or contract of significance in which the Company, its subsidiaries, its holding companies, fellow subsidiaries, associates and joint ventures was a party, and in which the Director had any material interest.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, save as disclosed below, none of the Directors and their associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

Name of the Director	Position(s) within the Company	Other Interests
TIAN Jun	Chairman of the Board, Executive Director and President	Director and general manager of CPI Holding (Note)
GUAN Qihong	Non-executive Director	Chief capital market officer of SPIC and director of CPI Holding
WANG Xianchun	Non-executive Director	Special duty director and supervisor of SPIC, director of CPI Holding, director of Shanghai Power and chief supervisor of Jilin Electric

Note: Mr. TIAN resigned as a director and general manager of CPI Holding on 19 November 2019.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2019, none of the Directors or the chief executive of the Company has any interest 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 Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which will 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 and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2019, save as disclosed below, no person, not being a Director nor chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which should be recorded in the register kept under Section 336 of the SFO.

Name	Capacity	Number of shares in which interested other than under equity derivatives[4]	Percentage of issued share capital of the Company (%)	Long/Short position
CPDL	Beneficial owner	2,662,000,000	27.14	Long
Seth Holdings[1]	Interest of a controlled corporation	2,662,000,000	27.14	Long
CPI Holding[2]	Interest of a controlled corporation	2,662,000,000	27.14	Long
	Beneficial owner	2,833,518,060	28.89	Long
SPIC[3]	Interest of a controlled corporation	5,495,518,060	56.04	Long

Notes:

(1) On 28 December 2017, CPDL had made an issue of non-voting convertible preferred shares to Seth Holdings pursuant to an agreement entered into between Seth Holdings, CPI Holding and CPDL. If those non-voting convertible preferred shares were fully converted into ordinary shares, Seth Holdings would hold approximately 33.48% of the voting rights in CPDL. As a result of the agreement, Seth Holdings became a beneficial owner of CPDL and therefore Seth Holdings is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(2) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(3) SPIC is the beneficial owner of CPI Holding and therefore SPIC is deemed to be interested in the shares of the Company owned by CPI Holding for the purposes of the SFO.

(4) Save as disclosed above, SPIC, CPI Holding, Seth Holdings and CPDL do not have any interest in the equity derivatives of the Company.

CONNECTED TRANSACTIONS ENTERED BY THE GROUP

Connected Transactions

(A) Equity Transfer Agreements

Date: 10 April 2019

Parties:
(i) The Company (as the transferor)
(ii) Huainan Mining (as the transferee)

Total consideration: RMB531,065,960

Pursuant to the Equity Transfer Agreements, the Company has agreed to sell and Huainan Mining has agreed to purchase 40% equity interests in Pingwei I and 15% equity interests in Pingwei II.

As Huainan Mining is a substantial shareholder of Pingwei III and Dabieshan Power Plant, subsidiaries of the Company, Huainan Mining is therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the Equity Transfer Agreements constituted connected transactions of the Company.

(B) EPC Contracting Agreements

1. *Zhihui Project*

Date: 15 April 2019

Parties:
(i) CP Zhihui
(ii) State Nuclear Institute (as the Contractor)

Maximum consideration: RMB23,980,000, including price adjustment that shall not exceed 10% of the total contracting fee

The Contractor has agreed to provide engineering, procurement and construction services for the construction of a natural gas power co-generating unit of cooling, heating and electricity supply. The contracting fees are payable by installments.

2. *Shangqiu Project*

Date: 15 April 2019

Parties:
(i) Shangqiu Power Plant
(ii) Yuanda Waterworks (as the Contractor)

Total consideration: RMB34,500,000

The Contractor has agreed to provide engineering, procurement, construction and installation, and technical support services in relation to the advanced system engineering for wastewater desulfurization treatment of Shangqiu Power Plant. The contracting fees are payable by installments.

3. *Chaoyang Project*

Date:	21 October 2019	
Parties:	(1)	Third tender lot (i) CP Chaoyang (ii) State Nuclear Institute (as the Contractor)
	(2)	Fifth tender lot (i) CP Chaoyang (ii) CPI Engineering (as the Contractor)
	(3)	Sixth tender lot (i) CP Chaoyang (ii) CPI Engineering (as the Contractor)
Total consideration:	(1)	RMB140,249,200
	(2)	RMB136,012,208
	(3)	RMB157,660,798

Each of the Contractors has agreed to act as the main contractor and provide engineering, procurement, construction services in relation to the development and construction for the relevant tender lots of the Chaoyang Project. The contracting fees are payable by installments.

Since the Contractors are indirect subsidiaries of SPIC and SPIC is the ultimate controlling shareholder of the Company, the EPC Contracting Agreements thus constituted connected transactions of the Company under the Listing Rules.

(C) Production Quota Sale and Purchase Agreement

Date:	30 July 2019	
Parties:	(1)	Production Quota S&P Agreement I (i) Yaomeng Power Plant (ii) Luyang Power Plant (as the purchaser)
	(2)	Production Quota S&P Agreement II (i) Yaomeng Power Plant (ii) Nanyang Power Plant (as the purchaser)
	(3)	Production Quota S&P Agreement III (i) Yaomeng Power Plant (ii) Luyang Power Plant (as the purchaser)
Power Generation Quota to be transacted:	(1)	440,000MWh (Compensation Power Generation Quota)
	(2)	200,000MWh (Compensation Power Generation Quota)
	(3)	300,00MWh (Basic Power Generation Quota)

Maximum consideration payable:	(1)	RMB27,720,000
	(2)	RMB12,600,000
	(3)	RMB25,500,000

Yaomeng Power Plant will sell the above Power Generation Quota to the purchasers. After each of the purchasers has generated electricity using the Power Generation Quota on a monthly basis, it will pay Yaomeng Power Plant a one-off monthly power production transfer fee (based on the actual on-grid electricity generated) within the following month via wire remittance.

Since Luyang Power Plant and Nanyang Power Plant are a branch company and a subsidiary of a wholly-owned subsidiary of SPIC respectively and SPIC is the ultimate controlling shareholder of the Company, the Production Quota Sale and Purchase Agreements thus constituted connected transactions of the Company under the Listing Rules.

(D) Capital Injection Agreement

On 29 July 2019, CP Guorui entered into a Capital Injection Agreement with Huainan Mining, the Original Shareholders, Shanghai Power and certain independent third parties. Pursuant to the Capital Injection Agreement, CP Guorui, Shanghai Power and the other independent third parties (as the Investors) agreed to inject RMB200,000,000, RMB200,000,000 and RMB2,100,000,000 respectively by way of cash contribution into Huainan Mining, which will be contributed to increase its registered capital and capital reserve. CP Guorui will own approximately 0.57% equity interest of Huainan Mining upon completion of the Capital Injection.

As Huainan Mining is a substantial shareholder of Pingwei I, Pingwei II, Pingwei III and Dabieshan Power Plant, subsidiaries of the Company, it is therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the Capital Injection Agreement constituted a connected transaction of the Company.

Continuing Connected Transactions

(A) Property Lease Agreement

Beijing Property Lease Agreement

The Company has been leasing a premises owned by CPI Holding since 2006 (the "Beijing Property Lease Agreement") and was renewed with the following terms:

Date:	30 August 2018
Address:	Premises on the 6th to 13th Floors, East Building, Hui Huang Shi Dai Plaza, 56 North West Fourth Ring Road, Haidian District, Beijing, the PRC
Area:	10,200 square metres
Annual rent:	RMB26,805,600 or RMB7.2 per square metre per day
Term:	1 September 2018 to 31 August 2021

The premises being rented is used as an office of the Company. The rent was determined after arm's length negotiations with reference to the prevailing market rent of other similar premises in the nearby locations.

CPI Holding is the controlling company of the Company, the entering into the Beijing Property Lease Agreement constituted a continuing connected transaction of the Company under the Listing Rules.

(B) Purchase Agreement

Material Purchase Framework Agreement

Date:	7 August 2018
Parties:	(i) The Company (representing its subsidiaries, individually the "Purchaser" or collectively the "Purchasers") (ii) CPI Holding (representing its subsidiaries, individually the "Supplier" or collectively the "Suppliers")
Term:	1 July 2018 to 31 December 2020
Proposed annual cap:	For each of the six months and the two financial years ended 31 December 2018, 2019 and 2020, is RMB24,550,000, RMB49,100,000 and RMB49,100,000 respectively
Payment terms:	Settlement by cash on a monthly basis

The parties have agreed that the Purchasers will purchase from the Suppliers the limestone powder for desulphurization (the "Materials") of the Company's coal-fired power plants. The purchase prices of the Materials shall be determined by reference to, among others, the prevailing local market transactions of similar Materials from the other independent suppliers in the nearby locations where our power plants are located (not less than three latest comparable transactions).

As the Suppliers are subsidiaries of CPI Holding and CPI Holding is the controlling company of the Company, the entering into the transactions contemplated under the Material Purchase Framework Agreement constituted continuing connected transactions of the Company under the Listing Rules.

(C) Service Agreements

1. *Composite Services Supplemental Agreement*

Date:	28 June 2019
Parties:	(i) The Company (representing its subsidiaries, individually the "Employer" or collectively the "Employers") (ii) CPI Holding (representing its subsidiaries, as the previous service provider) (iii) SPIC (representing its subsidiaries, individually the "Service Provider" or collectively the "Service Providers")
Term:	From the date of signing the Supplemental Agreement and ending 31 December 2020
Proposed annual cap:	For the two financial years ended 31 December 2019 and 2020 are RMB221,000,000 and RMB258,000,000 respectively
Payment terms:	Basic management fee is payable on a monthly basis, assessment deposit and incentive reward are payable annually or upon expiry of each management year

The original Composite Services Framework Agreement entered on 28 February 2018 was supplemented by the above Composite Services Supplemental Agreement to (i) replace CPI Holding with SPIC as the contracting party for the Composite Services Framework Agreement; (ii) extend the Composite Services to certain clean energy project companies of the Company; and (iii) revise the annual caps for the two financial years ended 31 December 2019 and 2020, while all the other terms remained unchanged.

The parties have agreed that the Service Providers will provide the Employers with various supporting services in relation to their daily power plant operations. The service fee payable shall be agreed by mutual agreement, among others, with reference to the latest market quotations or tenders for provision of similar services chargeable by independent third parties in the same region (at least two comparable transactions).

As the Service Providers are subsidiaries of SPIC, and SPIC is the ultimate controlling shareholder of the Company, the entering into the transactions contemplated under the Composite Services Supplemental Agreement constituted continuing connected transactions of the Company under the Listing Rules.

2. *Turnkey Service Framework Agreement*

Date:	29 August 2018
Parties:	(i) The Company (representing its subsidiaries, individually the "Purchaser" or collectively the "Purchasers") (ii) SPIC (Materials) (as the service provider)
Term:	From the date of signing of the Framework Agreement and ending 31 December 2020
Proposed annual cap:	For each of the period and the two financial years ended 31 December 2018, 2019 and 2020, is RMB450,000,000, RMB650,000,000 and RMB650,000,000 respectively
Payment terms:	Settlement by cash and by instalments or such other payments terms and timeline as both parties will negotiate and agree from time to time in contracts

SPIC (Materials) will provide the Purchasers with the materials and supporting services required for power plants or stations and heat supply system to the Purchasers for the development, construction and continuing operation of the Group's existing and new renewable energy power plants or stations. The total consideration payable shall be determined, among others, with reference to the relevant tendering and bidding laws and regulations of the PRC and internal tendering policies of the Purchasers (not less than two quotations from independent third parties).

As SPIC (Materials) is a branch company of SPIC, and SPIC is the ultimate controlling shareholder of the Company, the entering into the transactions contemplated under the Turnkey Service Framework Agreement constituted continuing connected transactions of the Company under the Listing Rules.

(D) Coal Supply Framework Agreements

Huainan Mining

First Agreement

Date:	30 December 2016
Parties:	(i) The Company (representing its subsidiaries, collectively the "Purchasers") (ii) Huainan Mining
Term:	1 January 2017 to 31 December 2019
Proposed annual cap:	For each of the three financial years ended 31 December 2017, 2018 and 2019, is RMB7,596,000,000, RMB8,238,000,000 and RMB8,616,000,000 respectively
Payment terms:	Settlement on a monthly basis or such other payments terms as both parties will agree from time to time in contracts

Second Agreement

Date:	31 December 2019
Parties:	(i) The Company (representing its subsidiaries, collectively the "Purchasers") (ii) Huainan Mining
Term:	1 January 2020 to 31 December 2022
Proposed annual cap:	For each of the three financial years ended 31 December 2020, 2021 and 2022, is RMB5,743,000,000, RMB5,849,000,000 and RMB6,055,000,000 respectively
Payment terms:	Settlement on a monthly basis or such other payments terms as both parties will agree from time to time in contracts

Pursuant to the above two Coal Supply Framework Agreements, Huainan Mining will supply coal to the Purchasers. The purchase price of coal shall be determined, among others, with reference to the current transacted coal prices of the local coal exchange or market in the PRC (two or more latest comparable transactions of independent third parties).

As Huainan Mining is a substantial shareholder of Pingwei I, Pingwei II, Pingwei III and Dabieshan Power Plant, subsidiaries of the Company, the entering into the transactions contemplated under the Coal Supply Framework Agreements constituted continuing connected transactions of the Company under the Listing Rules.

(E) Financial Services Framework Agreements

1. *SPIC Financial*

First agreement

Date:	27 April 2016
Parties:	(i) The Company (ii) SPIC Financial
Term:	Three years commencing 7 June 2016
Proposed daily deposit cap:	The maximum daily balance of deposit (including accrued interest) placed by the Group with SPIC Financial shall not exceed RMB3 billion

Second agreement

Date:	30 April 2019
Parties:	(i) The Company (ii) SPIC Financial
Term:	For a term of three years commencing from 7 June 2019 and ending 6 June 2022
Proposed daily deposit cap:	The maximum daily balance of deposit (including accrued interest) placed by the Group with SPIC Financial shall not exceed RMB4.2 billion

Pursuant to the above two Financial Services Framework Agreements, SPIC Financial will provide the Group with deposit services on a non-exclusive basis. The interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall not be lower than (i) the benchmark interest rate specified by the PBOC of the same type of deposits; (ii) the interest rate of same type of deposits obtained from other major commercial banks in the PRC to the Group (at least two quotes obtained); and (iii) the interest rate of same type of deposits provided to other members of the SPIC Group with SPIC Financial.

In addition, the applicable interest rate for the amount of the Group's deposit in current account(s) that exceeds RMB100,000, the applicable interest rate to the Group will be 20% higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

As SPIC Financial is a subsidiary of SPIC and SPIC is the ultimate controlling shareholder of the Company. As such, the entering into the transactions in relation to the deposit services contemplated under the Financial Services Framework Agreements constituted continuing connected transactions of the Company under the Listing Rules.

2. *ICBC Group and ABC Group*

On 26 April 2019, upon completion of the Changzhou Capital Injection, SPIC Changzhou (a subsidiary of the Company) is held as to 23.38% equity interests by ICBC Financial and 11.69% equity interests by ABC Financial respectively. Each of ICBC Financial and ABC Financial and their respective associates has become a connected person at the subsidiary level of the Company since then.

ICBC Group and ABC Group are the Group's principal banking partners prior to completion of the Changzhou Capital Injection, the Group had entered into various financial services transactions with members of each of ICBC Group and ABC Group in relation to deposit, loan, finance lease, settlement and other services. As the Group is going to engage ICBC Group and ABC Group to provide the same services on a continuing and recurring basis, such transactions became continuing connected transactions of the Company following the completion of the Changzhou Capital Injection pursuant to Rule 14A.60 of the Listing Rules.

Parties:	(i) The Company and/or any member(s) of the Group (ii) Any member(s) of ICBC Group or ABC Group (as the case may be)
Effective period:	A fixed period ranging from overnight to 25 years
Proposed aggregated daily deposit cap:	The maximum daily balance of deposit services (including accrued interests) of the Group with ICBC Group and ABC Group for the three financial years ended 31 December 2019, 2020 and 2021 are RMB6.8 billion, RMB7.5 billion and RMB8.2 billion respectively
Proposed aggregated maximum new contract amount of loan services:	The maximum new contract amount of loan services (including loans, finance leases, factoring and any other forms of borrowing, and accrued interests) of the Group with ICBC Group and ABC Group involving the provision of security by the Group for the three financial years ended 31 December 2019, 2020 and 2021 are RMB13.8 billion, RMB14.3 billion and RMB14.6 billion respectively

The pricing for any financial services provided by ICBC Group or ABC Group pursuant to the terms and conditions of the relevant service agreements therein, the Group would refer to at least two comparable transactions of a same type with, or quotes obtained from at least two other commercial banks (which are independent third parties) during the same period.

The Company confirmed that all the above continuing connected transactions have been conducted in accordance with the specific pricing policies and guidelines of the aforesaid agreements as disclosed during the year under review.

RELATED PARTIES TRANSACTIONS

During the year 2019, those related party transactions listed under Note 47 to the Consolidated Financial Statements which were connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules include:

- (a)(iii) Sales of unused power production quota to a company controlled by SPIC
- (b)(i) Purchase of coal, coal by-products and spare parts from companies controlled by SPIC, fellow subsidiaries and non-controlling shareholders of subsidiaries
- (b)(ii) Construction costs and other services fees to companies controlled by SPIC and fellow subsidiaries

In the opinion of the Directors, the Company has complied with the disclosure requirements in accordance with the relevant Listing Rules.

REVIEW BY AUDIT COMMITTEE MEMBERS AND AUDITOR

The independent non-executive Directors have reviewed the above continuing connected transactions during the year and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms and no less favourable than those available to or from independent third parties; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the Auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has reviewed these transactions and confirmed to the Board that nothing has come to their attention that causes them to believe that they have not been approved by the Board; that they were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; that they were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and that they have exceeded the caps in accordance with Rule 14A.56 of the Listing Rules.

The Company has complied with the requirements set out in Chapter 14A of the Listing Rules.

Save as disclosed above, no contracts of significance to which the Company, its subsidiaries, its holding companies, associates or joint ventures was a party subsisted at any time during the year or at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2019.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019, the aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 57.90% of the Group's total purchases and purchases attributable to the Group's largest supplier accounted for approximately 39.23% of the Group's total purchases.

For the year ended 31 December 2019, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 73.25% of the Group's total turnover and turnover attributable to the Group's largest customer accounted for approximately 20.38% of the Group's total turnover.

At no time during the year did a Director, an associate of a Director and a shareholder of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

PUBLIC FLOAT

As at the date of this annual report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being no less than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDITOR

The Consolidated Financial Statements have been audited by Deloitte Touche Tohmatsu who will retire and, being eligible, offered themselves for re-appointment (Note). The Company has not changed its auditors in the past three years.

On behalf of the Board
China Power International Development Limited

TIAN Jun
Chairman

Hong Kong, 26 March 2020

Note: Subsequent to the approval of this annual report, the Board has announced a proposed change of auditor of the Company on 17 April 2020. Deloitte Touche Tohmatsu will not be standing for re-appointment and will retire as the auditor of the Company with effect from the conclusion of the forthcoming annual general meeting of the Company. For details, please refer to the Company's announcement of even date.

Deloitte.

德勤

To the Members of China Power International Development Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 95 to 219, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Recoverable amounts of certain cash-generating units ("CGUs") and group of CGUs included in "Coal-fired electricity" segment, "Hydropower electricity" segment and "Photovoltaic power electricity" segment	
We identified the determination of the recoverable amounts of certain CGUs (as defined below) and group of CGUs associated with goodwill and certain property, plant and equipment included in "Coal-fired electricity" segment, "Hydropower electricity" segment and "Photovoltaic power electricity" segment respectively as a key audit matter due to the inherent subjectivity and complexity involved in impairment assessment of these CGUs by management. The Group engaged independent professional valuer as management's expert for the purpose of certain impairment assessments. As disclosed in Note 2.9 to the consolidated financial statements, for the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are independent cash inflows ("cash-generating units" or "CGUs"). The calculations of recoverable amounts of these CGUs or group of CGUs based on value in use calculation require significant management judgements and key estimates in preparing cash flow projections, including applying an appropriate discount rate as well as growth rate. As disclosed in Notes 3(i), 14(e) and 18 to the consolidated financial statements, management has performed impairment assessments by measuring the recoverable amounts of these CGUs or group of CGUs based on value in use calculation. Impairment has been identified in certain individual CGUs containing the property, plant and equipment. Accordingly an impairment of Renminbi ("RMB") 294,275,000 has been recognized against the carrying amount of property, plant and equipment for the year ended 31 December 2019. No further impairment is required in group of CGUs level.	Our audit procedures in relation to the impairment assessment of these CGUs or group of CGUs by management included: • evaluating the appropriateness of the classification of CGUs or group of CGUs of the Group; • obtaining an understanding of independent professional valuers' competence, capabilities and objectivity and evaluate how the valuer's work was relied on by management for certain impairment assessments; and • challenging management's key assumptions and estimates used to determine the recoverable amounts of these CGUs or group of CGUs which included: o validating the discount rates adopted; o analysing the underlying projected cash flows used in the value in use calculation to determine whether the assumptions applied, such as the revenue growth arising from the increment of electricity sold, are reasonable and supportable given external benchmarks and expected future performance of these CGUs or group of CGUs; o comparing the underlying projected cash flows against historical performance to test the accuracy of management's projections; and o evaluating the sensitivity analysis on key assumptions adopted in the value in use calculation.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of the provisions for compensation for inundation	
We identified the valuation of the provisions for compensation for inundation caused by the construction of three hydropower plants of the Group, namely the Baishi Power Plant, Tuokou Power Plant and Changzhou Hydropower Plant in accordance with the rules and regulations set out by the relevant local government authorities in the People's Republic of China ("Inundation Compensation") as a key audit matter due to the inherent level of subjective judgements and estimates required by management in assessing the provision amounts at the end of the reporting period. As at 31 December 2019, the Group's provisions for the Inundation Compensation amounting to RMB1,173.8 million, with interest expense due to the passage of time of RMB91.8 million recognized as expenses in the consolidated income statement for the year then ended. As disclosed in Notes 2.18 and 40 to the consolidated financial statements, the provisions are measured at the present value of the expenditure expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. In determining the best estimate of the provisions for the Inundation Compensation, management is required to make subjective assumptions and judgements, including estimating the timing and duration of the compensation payments, the compensation per unit of area and growth rate of compensation, the expected useful lives of these hydropower plants as well as the pre-tax discount rate applied to account for time value of money and the risks specific to the compensation. Any inappropriate assumptions or judgements applied would result in different provision amounts that would potentially significantly affect the profit or loss and financial position of the Group.	Our audit procedures in relation to the valuation of the provisions for the Inundation Compensation included: • obtaining the discounted cash flow schedule in relation to the estimation of the provisions for the Inundation Compensation from management, reconciling the key inputs to supporting evidence and checking the arithmetical accuracy of the calculations in the schedule; • challenging the key assumptions made by management in determining the provisions for the Inundation Compensation, including the timing and duration of the compensation payments, the compensation per unit of area and its growth rate, as well as the discount rate applied; • comparing the forecast prepared by management in prior year against the actual cash compensation made during the year to assess the accuracy of management's estimates; and • obtaining an understanding of the latest updates of the relevant local rules and regulations to assess whether the expected cash outflow for the provisions for Inundation Compensation has taken into account the latest regulatory requirements and adjusted to reflect the current best estimate.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is YU Kin Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2020

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Revenue — Goods	4	**27,763,287**	23,175,626
Other income	5	**278,707**	300,346
Fuel costs		**(11,658,028)**	(11,020,697)
Depreciation		**(4,817,832)**	(3,906,575)
Staff costs	6	**(2,454,040)**	(2,063,525)
Repairs and maintenance		**(764,128)**	(608,509)
Consumables		**(373,255)**	(249,034)
Other gains and losses, net	7	**6,903**	359,625
Other operating expenses		**(2,500,275)**	(1,572,916)
Operating profit	8	**5,481,339**	4,414,341
Finance income	9	**148,526**	125,846
Finance costs	9	**(3,165,881)**	(2,578,254)
Share of results of associates		**224,704**	114,461
Share of results of joint ventures		**25,475**	(6,446)
Profit before taxation		**2,714,163**	2,069,948
Income tax expense	10	**(513,013)**	(432,763)
Profit for the year		**2,201,150**	1,637,185
Attributable to:			
Owners of the Company		**1,284,381**	1,098,355
Non-controlling interests		**916,769**	538,830
		2,201,150	1,637,185
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic	11	**0.13**	0.11
— Diluted	11	**N/A**	0.11

Details of the dividends to owners of the Company attributable to the profit for the year are set out in Note 12.

The notes on pages 102 to 219 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit for the year	**2,201,150**	1,637,185
Other comprehensive income/(expenses):		
Item that will not be reclassified to profit or loss:		
Fair value gain/(loss) on equity instruments at fair value through other comprehensive income, net of tax	**58,435**	(344,187)
Item that may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on debt instruments at fair value through other comprehensive income, net of tax	**733**	(993)
Other comprehensive income/(expense) for the year, net of tax	**59,168**	(345,180)
Total comprehensive income for the year	**2,260,318**	1,292,005
Attributable to:		
Owners of the Company	**1,321,616**	775,426
Non-controlling interests	**938,702**	516,579
Total comprehensive income for the year	**2,260,318**	1,292,005

The notes on pages 102 to 219 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	As at 31 December 2019 RMB'000	2018 RMB'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	14	**99,044,926**	95,539,610
Right-of-use assets	15	**6,685,104**	–
Prepayments for construction of power plants	16	**5,155,703**	2,388,715
Prepaid lease payments	17	**–**	1,106,126
Goodwill	18	**1,187,214**	951,231
Other intangible assets	19	**1,054,130**	897,014
Interests in associates	20	**2,780,410**	2,661,367
Interests in joint ventures	21	**550,774**	467,792
Equity instruments at fair value through other comprehensive income	22	**3,362,808**	3,083,174
Deferred income tax assets	23	**719,142**	376,672
Restricted deposits	30	**11,800**	–
Other non-current assets	24	**6,758,646**	4,252,263
		127,310,657	111,723,964
Current assets			
Inventories	25	**689,862**	712,551
Prepaid lease payments	17	**–**	23,916
Accounts receivable	26	**3,412,791**	2,784,743
Prepayments, deposits and other receivables	27	**2,282,625**	2,035,965
Amounts due from related parties	28	**506,557**	1,061,935
Tax recoverable		**82,283**	60,496
Debt instruments at fair value through other comprehensive income	29	**112,418**	237,299
Restricted deposits	30	**27,250**	23,692
Cash and cash equivalents	31	**1,238,290**	1,853,044
		8,352,076	8,793,641
Assets classified as held for sale	32	**4,626,965**	4,439,122
Total assets		**140,289,698**	124,956,727
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	33	**17,268,192**	17,268,192
Reserves	34	**13,051,883**	12,681,726
		30,320,075	29,949,918
Non-controlling interests	48	**14,813,134**	12,899,114
Total equity		**45,133,209**	42,849,032

	Note	As at 31 December 2019 RMB'000	2018 RMB'000 (restated)
LIABILITIES			
Non-current liabilities			
Deferred income		**70,722**	75,341
Bank borrowings	35	**22,547,366**	24,551,579
Borrowings from related parties	36	**26,444,744**	19,044,910
Other borrowings	37	**4,000,000**	2,000,000
Lease liabilities/obligations under finance leases	38/39	**3,740,809**	3,986,005
Deferred income tax liabilities	23	**1,743,183**	1,674,188
Provisions for other long-term liabilities	40	**1,074,477**	1,054,538
		59,621,301	52,386,561
Current liabilities			
Accounts and bills payables	41	**874,076**	776,577
Construction costs payable		**6,172,925**	5,996,791
Other payables and accrued charges	42	**1,678,192**	1,202,118
Amounts due to related parties	28	**1,680,820**	2,535,264
Bank borrowings	35	**11,333,147**	6,557,141
Borrowings from related parties	36	**9,292,725**	6,547,385
Other borrowings	37	**528,000**	1,024,959
Lease liabilities/obligations under finance leases	38/39	**681,477**	1,205,997
Tax payable		**195,600**	165,906
		32,436,962	26,012,138
Liabilities associated with disposal group classified as held for sale	32	**3,098,226**	3,708,996
Total liabilities		**95,156,489**	82,107,695
Total equity and liabilities		**140,289,698**	124,956,727
Net current liabilities		**22,556,147**	16,488,371
Total assets less current liabilities		**104,754,510**	95,235,593

The consolidated financial statements on pages 95 to 219 were approved and authorized for issue by the Board on 26 March 2020 and are signed on its behalf by:

TIAN Jun
Director

GUAN Qihong
Director

The notes on pages 102 to 219 are an integral part of these consolidated financial statements.

	Attributable to owners of the Company					
	Share capital (Note 33) RMB'000	Other reserves (Note 34) RMB'000	Retained earnings (Note 34) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018	17,268,192	5,254,065	7,427,661	29,949,918	12,901,244	42,851,162
Adjustments (Note 46(d))	–	–	–	–	(2,130)	(2,130)
At 1 January 2019 (restated)	17,268,192	5,254,065	7,427,661	29,949,918	12,899,114	42,849,032
Profit for the year	–	–	1,284,381	1,284,381	916,769	2,201,150
Other comprehensive income for the year:						
Fair value gain on equity instruments at fair value through other comprehensive income	–	48,934	–	48,934	28,980	77,914
Fair value loss on debt instruments at fair value through other comprehensive income	–	(2,165)	–	(2,165)	(396)	(2,561)
Release on derecognition of debt instruments at fair value through other comprehensive income	–	2,877	–	2,877	660	3,537
Deferred income tax on fair value gain on equity instruments at fair value through other comprehensive income (Note 23)	–	(12,234)	–	(12,234)	(7,245)	(19,479)
Deferred income tax on fair value loss on debt instruments at fair value through other comprehensive income (Note 23)	–	542	–	542	99	641
Release of deferred income tax on derecognition of debt instruments at fair value through other comprehensive income (Note 23)	–	(719)	–	(719)	(165)	(884)
Total comprehensive income for the year	–	37,235	1,284,381	1,321,616	938,702	2,260,318
Transfer to statutory reserves	–	143,414	(143,414)	–	–	–
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	–	966,650	966,650
Acquisitions of subsidiaries (Note 46)	–	–	–	–	146,840	146,840
Disposal of interests in subsidiaries without loss of control (Note 34(e))	–	127,349	–	127,349	403,717	531,066
Dividends paid to non-controlling interests	–	–	–	–	(529,583)	(529,583)
2018 final dividend (Note 12)	–	–	(1,078,757)	(1,078,757)	–	(1,078,757)
Others	–	(51)	–	(51)	(12,306)	(12,357)
Total transactions recognized directly in equity	–	270,712	(1,222,171)	(951,459)	975,318	23,859
At 31 December 2019	17,268,192	5,562,012	7,489,871	30,320,075	14,813,134	45,133,209

	Attributable to owners of the Company					
	Share capital (Note 33) RMB'000	Other reserves (Note 34) RMB'000	Retained earnings (Note 34) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2017	17,268,192	5,346,485	7,187,203	29,801,880	7,392,579	37,194,459
Adjustments	–	27,410	–	27,410	16,197	43,607
At 1 January 2018 (restated)	17,268,192	5,373,895	7,187,203	29,829,290	7,408,776	37,238,066
Profit for the year	–	–	1,098,355	1,098,355	538,830	1,637,185
Other comprehensive (expenses)/income for the year:						
Fair value loss on equity instruments at fair value through other comprehensive income	–	(429,427)	–	(429,427)	(29,490)	(458,917)
Fair value loss on debt instruments at fair value through other comprehensive income	–	(2,877)	–	(2,877)	(660)	(3,537)
Release on derecognition of debt instruments at fair value through other comprehensive income	–	1,732	–	1,732	481	2,213
Deferred income tax on fair value loss on equity instruments at fair value through other comprehensive income (Note 23)	–	107,357	–	107,357	7,373	114,730
Deferred income tax on fair value loss on debt instruments at fair value through other comprehensive income (Note 23)	–	719	–	719	165	884
Release of deferred income tax on derecognition of debt instruments at fair value through other comprehensive income (Note 23)	–	(433)	–	(433)	(120)	(553)
Total comprehensive (expenses)/income for the year	–	(322,929)	1,098,355	775,426	516,579	1,292,005
Transfer to statutory reserves	–	69,016	(69,016)	–	–	–
Lapse of share options	–	(5,477)	5,477	–	–	–
Capital injections from non-controlling shareholders of subsidiaries	–	143,364	–	143,364	4,876,629	5,019,993
Acquisitions of subsidiaries (restated)	–	–	–	–	385,051	385,051
Dividends paid to non-controlling interests	–	–	–	–	(283,867)	(283,867)
Others	–	(3,804)	–	(3,804)	(4,054)	(7,858)
2017 final dividend (Note 12)	–	–	(794,358)	(794,358)	–	(794,358)
Total transactions recognized directly in equity	–	203,099	(857,897)	(654,798)	4,973,759	4,318,961
At 31 December 2018 (restated)	17,268,192	5,254,065	7,427,661	29,949,918	12,899,114	42,849,032

The notes on pages 102 to 219 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Cash generated from operations	43(a)	**8,832,456**	6,021,763
Interest paid		**(3,044,401)**	(2,708,774)
Income tax paid		**(629,883)**	(528,533)
Net cash generated from operating activities		**5,158,172**	2,784,456
Cash flows from investing activities			
Payments for property, plant and equipment and prepayments for construction of power plants		**(15,200,682)**	(9,430,860)
Payments for right-of-use assets/prepaid lease payments		**(386,454)**	(95,218)
Proceeds from disposal of property, plant and equipment and prepaid lease payments		**168,238**	216,436
Net cash outflow on acquisitions of subsidiaries	46	**(753,275)**	(2,884,367)
Net cash outflow on disposal of a subsidiary		**–**	(9)
Acquisition of an associate		**–**	(11,611)
Acquisition of a joint venture		**(55,340)**	–
Capital injections to associates, a joint venture and an equity instrument at fair value through other comprehensive income		**(248,000)**	(20,600)
Repayment from/(advances to) related parties		**250,350**	(381,650)
Dividends received		**275,108**	299,250
Interest received		**148,526**	125,846
Increase in restricted deposits		**(25,215)**	(57,280)
Decrease in restricted deposits		**9,857**	55,470
Net cash used in investing activities		**(15,816,887)**	(12,184,593)
Cash flows from financing activities			
Drawdown of bank borrowings	43(b)	**18,845,076**	21,380,420
Drawdown of borrowings from related parties	43(b)	**30,267,255**	18,159,284
Drawdown of other borrowings	43(b)	**2,503,000**	2,825,000
Drawdown of obligations under finance leases	43(b)	**–**	200,000
Contributions from non-controlling shareholders of subsidiaries		**966,650**	5,019,993
Proceeds from disposal of interests in subsidiaries without loss of control	34(e)	**531,066**	–
Repayment of bank borrowings	43(b)	**(16,366,591)**	(20,182,820)
Repayment of borrowings from related parties	43(b)	**(20,916,656)**	(17,744,518)
Repayment of other borrowings	43(b)	**(1,000,000)**	(800,000)
Payments for lease liabilities/obligations under finance leases	43(b)	**(3,178,842)**	(916,388)
Dividend paid	12	**(1,079,241)**	(811,912)
Dividends paid to non-controlling shareholders of subsidiaries		**(523,935)**	(452,444)
Net cash generated from financing activities		**10,047,782**	6,676,615
Net decrease in cash and cash equivalents		**(610,933)**	(2,723,522)
Cash and cash equivalents at 1 January		**1,855,235**	4,577,786
Exchange (losses)/gains, net		**(5,245)**	971
Cash and cash equivalents at 31 December	31	**1,239,057**	1,855,235

The notes on pages 102 to 219 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

China Power International Development Limited (the "Company") was incorporated in Hong Kong on 24 March 2004 as a limited liability company under the Hong Kong Companies Ordinance. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in investment holdings, generation and sales of electricity and the development of power plants in The People's Republic of China (the "PRC").

The Group is controlled by China Power International Holding Limited ("CPI Holding"), an intermediate holding company which directly holds the Company's shares and also indirectly holds through China Power Development Limited ("CPDL"), a wholly-owned subsidiary of CPI Holding.

The directors of the Company (the "Directors") regarded State Power Investment Corporation Limited (國家電力投資集團有限公司) ("SPIC"), a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPI Holding, as the ultimate holding company.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and have been approved by the board of Directors (the "Board") on 26 March 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the Hong Kong Companies Ordinance. In addition, these consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). These consolidated financial statements have been prepared under the historical cost convention except that equity instruments and debt instruments are measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(a) Application of new and amendments to HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
Hong Kong (International Financial Reporting Interpretations Committee) Interpretation ("HK(IFRIC)-Int") 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(a) Application of new and amendments to HKFRSs *(Continued)*

Except as described below, the application of the above new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 "Leases" for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognized additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognized in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on a lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leasehold land and building in the PRC was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(a) Application of new and amendments to HKFRSs *(Continued)*

HKFRS 16 "Leases" (Continued)

As a lessee *(Continued)*

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.49%.

	Note	RMB'000
Operating lease commitments disclosed as at 31 December 2018		617,534
Lease liabilities discounted at relevant incremental borrowing rates		402,447
Add: Extension options reasonably certain to be exercised		18,236
Less: Recognition exemption — short-term leases		(48)
Lease liabilities relating to operating leases recognized upon application of HKFRS 16		420,635
Add: Obligations under finance leases recognized as at 31 December 2018	(b)	5,192,002
Lease liabilities as at 1 January 2019		5,612,637
Analyzed for reporting purpose as:		
— Non-current		4,347,809
— Current		1,264,828
		5,612,637

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Note	RMB'000
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16		420,635
Reclassified from prepaid lease payments	(a)	1,266,137
Reclassified from prepaid rent for leasehold land		128,526
Amounts included in property, plant and equipment under HKAS 17		
— Assets previously under finance leases	(b)	5,448,206
		7,263,504

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(a) Application of new and amendments to HKFRSs *(Continued)*

HKFRS 16 "Leases" (Continued)

Sales and leaseback transactions

The Group acts as a seller-lessee

In accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 "Revenue from Contracts with Customers" to assess whether sales and leaseback transaction constitutes a sale. During the year ended 31 December 2019, the Group did not enter into any sale and leaseback transactions.

The following adjustments were made to the amounts recognized in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 January 2019 RMB'000
Non-current assets				
Property, plant and equipment (restated)	(b)	95,539,610	(5,448,206)	90,091,404
Prepaid lease payments	(a)	1,106,126	(1,106,126)	–
Right-of-use assets		–	7,127,409	7,127,409
Other non-current asset — Prepaid rent for leasehold land		127,735	(127,735)	–
Current assets				
Prepayments, deposits and other receivables		2,035,965	(791)	2,035,174
Prepaid lease payments	(a)	23,916	(23,916)	–
Assets classified as held for sale				
Prepaid lease payments	(a)	136,095	(136,095)	–
Right-of-use assets		–	136,095	136,095
Non-current liabilities				
Lease liabilities	(b)	–	4,347,809	4,347,809
Obligations under finance leases	(b)	3,986,005	(3,986,005)	–
Current liabilities				
Lease liabilities	(b)	–	1,264,828	1,264,828
Obligations under finance leases	(b)	1,205,997	(1,205,997)	–

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(a) Application of new and amendments to HKFRSs *(Continued)*

HKFRS 16 "Leases" (Continued)

Notes:

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments and prepaid lease payments classified as held for sale amounting to RMB23,916,000, RMB1,106,126,000 and RMB136,095,000 respectively were reclassified to right-of-use assets on 1 January 2019.

(b) For assets previously under finance leases, the Group recategorized the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB5,448,206,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB3,986,005,000 and RMB1,205,997,000 to lease liabilities as non-current and current liabilities respectively on 1 January 2019.

(c) For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

Amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarify that an entity applies HKFRS 9 "Financial Instruments", including the impairment requirements, to long-term interests in an associate or a joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by HKAS 28 "Long-term Interests in Associates and Joint Ventures" (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

As at 31 December 2019, the application is not expected to have impact as the Group's existing accounting policies are consistent with the requirements clarified by the amendments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(b) New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

2.2 Consolidation

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

(i) Business combinations (Continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (1) the lease term ends within 12 months of the acquisition date; or (2) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss or other comprehensive income, as appropriate.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

(ii) Changes in ownership interests in existing subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, a joint venture or financial assets. A gain or loss is recognised in profit or loss and is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(iv) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at their respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation *(Continued)*

(b) Associates *(Continued)*

The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated income statement. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interests in associates are recognized in the consolidated income statement.

(c) Joint ventures

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The principal activities of the Group are mainly transacted in RMB and accordingly the consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance costs". All other exchange gains and losses are presented in the consolidated income statement within "other gains and losses, net".

Translation differences on non-monetary financial assets such as equities classified as equity instruments and debt instrument are included in the fair value through other comprehensive income ("FVTOCI") reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

2.4 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9, which continue to be measured in accordance with the accounting policies as set out in respective sections.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and subsequent impairment losses. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9(a)). Such impairment losses are recognized in the consolidated income statement.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognized in the consolidated income statement.

2.6 Construction in progress and prepayments for construction of power plants

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.5 above.

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Group's power plants including payments for equipment and machineries pending delivery to the relevant power plants for installation. Such prepayments are stated at cost less accumulated impairment losses, if any.

2.7 Intangible assets

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair values at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, being their fair values at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets *(Continued)*

Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over expected beneficial period. The expected beneficial period and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The Group's other intangible assets represent favourable tariff contracts as disclosed in Note 19.

2.8 Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 2.1)

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2.1)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of offices and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2.1) *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2.1) *(Continued)*

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback transactions (upon application of HKFRS 16 since 1 January 2019)

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognizes any gain or loss that relates to the rights transferred to the buyer-lessor only. For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases *(Continued)*

The Group as a lessee (prior to 1 January 2019)

Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in short-term and long-term finance lease obligations. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under operating leases (net of any incentives received from the lessor) are charged or credited to the consolidated income statement on a straight-line basis over the period of the lease.

Sale and leaseback transactions (prior to 1 January 2019)

The Group as a seller-lessee

The accounting treatment of a sale and leaseback transaction depends on the type of lease involved. The leaseback may be a finance lease if it meets the condition that substantially all the risks and rewards of ownership remain with the lessee, or it may be an operating lease (in which case, some significant risks and rewards of ownership have been transferred to the purchaser).

For sale and leaseback transactions which are in substance a financing arrangement under HKFRS 9, the Group accounts for the sales proceeds as borrowing within the scope of HKFRS 9.

2.9 Impairment of non-financial assets

(a) Non-financial assets other than goodwill

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets *(Continued)*

(a) Non-financial assets other than goodwill *(Continued)*

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at acquisition date.

For the purpose of impairment assessment, goodwill acquired in a business combination is allocated to each of the CGUs or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at CGU level or groups of CGUs level within the operating segment.

Goodwill impairment assessments are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial assets is held within a business model whose objective is to collect contractual cash flows; and
- the contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(b) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowance are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

(c) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other income" in the consolidated income statement.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable, other receivables, deposits, amounts due from related parties, debt instruments at FVTOCI, restricted deposits and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ("12m") ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for accounts receivable. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's other receivables are assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for debt instruments that are measured at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognized through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities including bank borrowings, borrowings from related parties, other borrowings, amounts due to related parties, accounts and bills payables, construction costs payable and other payables are subsequently measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Accounts and other receivables

Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

2.14 Inventories

Inventories comprise coal, oil, consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realizable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used/consumed, or capitalized to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as these assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the places where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred income tax *(Continued)*

(b) Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profits available against which the temporary difference can be utilized.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of Hong Kong dollars ("HK$") 1,500 per month as a mandatory contribution. Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers. The Group has no future payment obligation once the contributions have been paid.

For employees in Mainland China, the Group contributes on a monthly basis to various defined contribution plans organized by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for any post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Share-based compensation expense

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted including any market performance conditions (for example, an entity's share price); excluding the impact of any service and nonmarket performance vesting conditions (for example, profitability, sales growth targets, forfeiture rate and remaining an employee of the entity over a specific period of time), and including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Provisions

Provisions (including environmental restoration provisions) are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

2.19 Government grants

Grants and subsidies from the government are recognized at their fair values for monetary asset where there is a reasonable assurance that the grant or subsidy will be received and the Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets and projects.

Non-monetary assets transferred from the government is recognized at nominal amount.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors and certain senior management that make strategic decisions.

2.21 Revenue from contracts with customers

The Group recognizes revenue from sales of electricity to regional and provincial power grid companies and provision of power generation. And the revenue are all recognized at point in time.

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognizes interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors as appropriate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Property, plant and equipment, right-of-use assets and other intangible assets (favourable tariff contracts) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property, plant and equipment and right-of-use assets have been determined based on higher of value in use calculations, which is measured at the net present value of future cash flows which are estimated based upon the continued use of the asset in the business, and fair value less costs of disposal. The recoverable amounts of other intangible assets (favourable tariff contracts) have been determined based on the discounted cash flow of tariff difference (as defined in Note 19) during the expected beneficial period. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU or group of CGUs to which the asset belongs. Changing the assumptions selected by management in assessing impairment, including the discount rates, growth rate or the beneficial period for the favourable tariff contracts assumptions in the cash flow projections, could materially affect the net present value used in the impairment assessment and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

For the year ended 31 December 2019, management has performed impairment assessments based on value in use calculation by measuring the recoverable amount of certain CGUs or group of CGUs associated with goodwill and certain property, plant and equipment, included in "Coal-fired electricity" segment , "Hydropower electricity" segment and "Photovoltaic power electricity" segment.

As at 31 December 2019, the carrying amounts of property, plant and equipment, goodwill, right-of-use assets and other intangible assets (favourable tariff contracts) are RMB99,044,926,000, RMB1,187,214,000, RMB6,685,104,000 and RMB1,054,130,000 (2018: RMB95,539,610,000, RMB951,231,000, Nil and RMB897,014,000 (restated)) respectively, after taking into account the impairment losses of RMB426,399,000 (2018: Nil) in respect of property, plant and equipment that have been recognized. Details of the impairment of property, plant and equipment are disclosed in Notes 14(e), 14(f) and 14(g).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Provisions for Inundation Compensation

The Group made provisions in relation to compensations for inundation caused by the construction of certain hydropower plants of the Group ("Inundation Compensation"). The provisions are measured at the present value of the expenditure expected to be required to settle the compensation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the compensation.

In determining the best estimate of the provisions for the Inundation Compensation, management is required to make subjective assumptions and judgements, including estimating the timing and duration of the compensation payments, the compensation per unit of area and growth rate of compensation as well as the pre-tax discount rate applied to account for time value of money and the risks specific to the compensation. Any inappropriate assumptions or judgements applied would result in different provision amounts that would potentially significantly affect the profit or loss and financial position of the Group.

As at 31 December 2019, the provisions for Inundation Compensation was RMB1,173,786,000 (2018: RMB1,141,901,000). For the year ended 31 December 2019, management has reviewed and performed assessment on such provisions to reflect the current best estimate and an addition of provisions of RMB53,726,000 (2018: RMB10,978,000) was added to the cost of property, plant and equipment in the consolidated statement of financial position (Notes 14(h) and 40).

(iii) Current and deferred income tax expenses

The Group is subject to income taxes in various locations within PRC. Judgement is required in determining the provision for income taxes in each of these locations. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation amount in the period in which such estimate is changed.

(iv) Useful lives, residual values and depreciation charges of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write down technically obsolete. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation charges in the future periods. As at 31 December 2019, the carrying amount of property, plant and equipment, other than construction in progress, is RMB87,256,598,000 (2018: RMB82,695,353,000).

4. TURNOVER, REVENUE AND SEGMENT INFORMATION

Revenue, representing turnover net of sales related taxes, recognized during the year is as follows:

	2019 **RMB'000**	2018 RMB'000
Types of goods:		
Sales of electricity to regional and provincial power grid companies (note (a))	**27,682,003**	23,132,372
Provision of power generation (note (b))	**81,284**	43,254
	27,763,287	23,175,626
Timing of revenue recognition:		
At a point in time	**27,763,287**	23,175,626

Notes:

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the PRC.

(b) Provision of power generation represents income from the provision of power generation to other companies in the PRC which is calculated based on mutually agreed terms.

Segment information

The chief operating decision-maker has been identified as the executive Directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from equity instruments at FVTOCI. Other information provided to the CODM is measured in a manner consistent with that in these consolidated financial statements.

Segment assets exclude equity instruments at FVTOCI, deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude deferred income tax liabilities, tax payable and corporate liabilities, which are managed on a central basis.

Comparative figures on 31 December 2018 of certain assets included in the "Photovoltaic power electricity" segment have been restated in relation to the acquisition of a subsidiary stated in Note 46(d).

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2019						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	18,380,670	5,668,352	1,595,328	2,037,653	27,682,003	–	27,682,003
Provision of power generation	25,890	17,766	–	37,628	81,284	–	81,284
	18,406,560	5,686,118	1,595,328	2,075,281	27,763,287	–	27,763,287
Segment results	1,870,409	1,995,817	816,065	1,109,298	5,791,589	–	5,791,589
Unallocated income	–	–	–	–	–	203,831	203,831
Unallocated expenses	–	–	–	–	–	(514,081)	(514,081)
Operating profit/(loss)	1,870,409	1,995,817	816,065	1,109,298	5,791,589	(310,250)	5,481,339
Finance income	9,747	18,264	20,290	65,367	113,668	34,858	148,526
Finance costs	(1,243,476)	(998,136)	(326,576)	(564,045)	(3,132,233)	(33,648)	(3,165,881)
Share of results of associates	161,719	–	–	18,682	180,401	44,303	224,704
Share of results of joint ventures	19,723	–	–	15	19,738	5,737	25,475
Profit/(loss) before taxation	818,122	1,015,945	509,779	629,317	2,973,163	(259,000)	2,714,163
Income tax (expense)/credit	(264,502)	(316,238)	4,791	(12,003)	(587,952)	74,939	(513,013)
Profit/(loss) for the year	553,620	699,707	514,570	617,314	2,385,211	(184,061)	2,201,150
Other segment information							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure							
— Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	3,791,184	1,358,937	7,280,571	3,296,806	15,727,498	145,825	15,873,323
Depreciation of property, plant and equipment	1,869,215	1,446,198	595,864	540,272	4,451,549	20,643	4,472,192
Depreciation of right-of-use assets	127,611	6,503	13,204	164,626	311,944	33,696	345,640
Amortization of other intangible assets	–	–	–	50,884	50,884	–	50,884
Loss/(gain) on disposal of property, plant and equipment, net	60,764	(6,590)	17,800	–	71,974	194	72,168
Impairment of property, plant and equipment	–	393,989	18,410	14,000	426,399	–	426,399
Impairment of assets classified as held for sale	85,521	80,920	–	–	166,441	–	166,441
Impairment of other receivables	(5,418)	14,531	2,041	1,543	12,697	16,409	29,106
Impairment of amount due from a joint venture	–	261,300	–	–	261,300	–	261,300

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

	As at 31 December 2019						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets							
Other segment assets	39,779,154	38,663,618	23,527,396	23,100,487	125,070,655	–	125,070,655
Assets classified as held for sale	4,626,965	–	–	–	4,626,965	–	4,626,965
Goodwill	67,712	872,865	–	246,637	1,187,214	–	1,187,214
Interests in associates	2,194,187	12,000	–	137,012	2,343,199	437,211	2,780,410
Interests in joint ventures	410,092	–	–	55,477	465,569	85,205	550,774
	47,078,110	39,548,483	23,527,396	23,539,613	133,693,602	522,416	134,216,018
Equity instruments at FVTOCI	–	–	–	–	–	3,362,808	3,362,808
Deferred income tax assets	–	–	–	–	–	719,142	719,142
Other unallocated assets	–	–	–	–	–	1,991,730	1,991,730
Total assets per consolidated statement of financial position	47,078,110	39,548,483	23,527,396	23,539,613	133,693,602	6,596,096	140,289,698
Segment liabilities							
Other segment liabilities	(4,718,299)	(3,426,553)	(3,213,380)	(4,014,102)	(15,372,334)	–	(15,372,334)
Liabilities associated with disposal group classified as held for sale	(3,098,226)	–	–	–	(3,098,226)	–	(3,098,226)
Borrowings	(24,259,123)	(24,588,153)	(10,273,821)	(9,643,166)	(68,764,263)	(5,381,719)	(74,145,982)
	(32,075,648)	(28,014,706)	(13,487,201)	(13,657,268)	(87,234,823)	(5,381,719)	(92,616,542)
Deferred income tax liabilities	–	–	–	–	–	(1,743,183)	(1,743,183)
Tax payable	–	–	–	–	–	(195,600)	(195,600)
Other unallocated liabilities	–	–	–	–	–	(601,164)	(601,164)
Total liabilities per consolidated statement of financial position	(32,075,648)	(28,014,706)	(13,487,201)	(13,657,268)	(87,234,823)	(7,921,666)	(95,156,489)

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2018						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	16,562,217	4,559,756	904,567	1,105,832	23,132,372	–	23,132,372
Provision of power generation	27,421	5,553	935	9,345	43,254	–	43,254
	16,589,638	4,565,309	905,502	1,115,177	23,175,626	–	23,175,626
Segment results	1,584,567	2,209,734	397,424	566,127	4,757,852	–	4,757,852
Unallocated income	–	–	–	–	–	144,457	144,457
Unallocated expenses	–	–	–	–	–	(487,968)	(487,968)
Operating profit/(loss)	1,584,567	2,209,734	397,424	566,127	4,757,852	(343,511)	4,414,341
Finance income	3,451	7,609	6,072	29,295	46,427	79,419	125,846
Finance costs	(994,489)	(1,125,960)	(179,855)	(185,297)	(2,485,601)	(92,653)	(2,578,254)
Share of results of associates	78,623	–	–	13,434	92,057	22,404	114,461
Share of results of joint ventures	(7,685)	–	–	406	(7,279)	833	(6,446)
Profit/(loss) before taxation	664,467	1,091,383	223,641	423,965	2,403,456	(333,508)	2,069,948
Income tax expense	(147,132)	(241,502)	(8,029)	(17,122)	(413,785)	(18,978)	(432,763)
Profit/(loss) for the year	517,335	849,881	215,612	406,843	1,989,671	(352,486)	1,637,185
Other segment information							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure							
— Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	3,730,637	796,329	4,247,469	2,629,195	11,403,630	160,248	11,563,878
Depreciation of property, plant and equipment	1,660,552	1,405,220	403,216	422,557	3,891,545	15,030	3,906,575
Amortization of prepaid lease payments	14,742	1,921	765	999	18,427	1,682	20,109
Amortization of other intangible assets	–	–	–	3,086	3,086	–	3,086
(Gain)/loss on disposal of property, plant and equipment and prepaid lease payments, net	(60,728)	(40,341)	–	(116)	(101,185)	108	(101,077)
Impairment of inventories	4,798	4,212	–	1,357	10,367	–	10,367
Impairment of other receivables	34,585	–	–	–	34,585	–	34,585

4. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 31 December 2018 (restated)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets							
Other segment assets	37,577,087	39,816,482	16,031,583	17,347,875	110,773,027	–	110,773,027
Assets classified as held for sale	4,439,122	–	–	–	4,439,122	–	4,439,122
Goodwill	67,712	872,865	–	10,654	951,231	–	951,231
Interests in associates	2,117,915	2,000	–	140,675	2,260,590	400,777	2,661,367
Interests in joint ventures	395,070	–	–	1,254	396,324	71,468	467,792
	44,596,906	40,691,347	16,031,583	17,500,458	118,820,294	472,245	119,292,539
Equity instruments at FVTOCI	–	–	–	–	–	3,083,174	3,083,174
Deferred income tax assets	–	–	–	–	–	376,672	376,672
Other unallocated assets	–	–	–	–	–	2,204,342	2,204,342
Total assets per consolidated statement of financial position	44,596,906	40,691,347	16,031,583	17,500,458	118,820,294	6,136,433	124,956,727
Segment liabilities							
Other segment liabilities	(4,882,605)	(2,452,959)	(3,702,247)	(4,906,376)	(15,944,187)	–	(15,944,187)
Liabilities associated with disposal group classified as held for sale	(3,708,996)	–	–	–	(3,708,996)	–	(3,708,996)
Borrowings	(20,771,233)	(21,188,207)	(7,116,410)	(6,818,620)	(55,894,470)	(3,831,504)	(59,725,974)
	(29,362,834)	(23,641,166)	(10,818,657)	(11,724,996)	(75,547,653)	(3,831,504)	(79,379,157)
Deferred income tax liabilities	–	–	–	–	–	(1,674,188)	(1,674,188)
Tax payable	–	–	–	–	–	(165,906)	(165,906)
Other unallocated liabilities	–	–	–	–	–	(888,444)	(888,444)
Total liabilities per consolidated statement of financial position	(29,362,834)	(23,641,166)	(10,818,657)	(11,724,996)	(75,547,653)	(6,560,042)	(82,107,695)

All revenue from external customers are generated from the PRC.

As at 31 December 2019, except for cash and bank balances equivalent to RMB227,041,000 (2018: RMB119,729,000), which were deposited with certain banks in Hong Kong, substantially all of the Group's assets, liabilities and capital expenditure are located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. For the year ended 31 December 2019, the Group's external revenue amounting to RMB17,690,517,000 (2018: RMB15,996,709,000) was generated from four (2018: four) major customers, each of which accounted for 10% or more of the Group's external revenue.

5. OTHER INCOME

	2019 RMB'000	2018 RMB'000
Rental income	7,289	67,908
Hotel operations income	23,943	32,085
Income from provision of repairs and maintenance services	78,077	79,983
Dividend income (Note 47(a)(ii))	124,745	77,108
Income from provision of IT and other services	27,892	26,899
Value-added tax ("VAT") refund	200	2,779
Compensation income	12,572	13,584
Others	3,989	–
	278,707	300,346

6. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2019 RMB'000	2018 RMB'000
Wages, salaries and bonuses	1,632,304	1,327,296
Staff welfare	537,354	457,154
Pension costs — defined contribution plans	284,382	279,075
	2,454,040	2,063,525

7. OTHER GAINS AND LOSSES, NET

	2019 RMB'000	2018 RMB'000
Amortization of deferred income	5,977	7,527
Government subsidies	15,361	40,936
(Loss)/gain on disposal of property, plant and equipment and prepaid lease payments, net	(72,168)	101,077
Gain on disposal of a subsidiary	51	32,298
Sales of unused power production quota	333,806	138,317
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	209,902	36,017
Loss on deemed disposal of partial interest in an associate	–	(17,181)
Impairment of property, plant and equipment (Notes 14(e) and 14(f))	(426,399)	–
Impairment of assets classified as held for sale (note)	(166,441)	–
Profits on trading of electricity	68,196	14,252
Gain on bargain purchase (Note 46(b))	24,305	–
Others	14,313	6,382
	6,903	359,625

7. OTHER GAINS AND LOSSES, NET (CONTINUED)

Note:

In addition to the impairment loss of RMB85,521,000 for China Power Shentou Power Generating Company Limited ("CP Shentou") as disclosed in Note 32, during the year ended 31 December 2019, the Group has also entered into certain agreements with Hunan Provincial Power Company to sell certain electricity transmission assets which categorized in "Electricity supply equipment" with total carrying amounts of approximately RMB513,400,000 for a total consideration of approximately RMB432,480,000. These assets were written down to their fair values less costs of disposal and have been reclassified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", and an impairment of RMB80,920,000 was recognized as other losses. These disposals were completed during the year.

8. OPERATING PROFIT

Operating profit is stated after charging the following:

	2019 **RMB'000**	2018 RMB'000
Amortization of prepaid lease payments	**–**	20,109
Amortization of other intangible assets (Note 19)	**50,884**	3,086
Auditor's remuneration	**8,217**	7,851
Research and development expenses	**77,729**	18,019
Depreciation (Notes 14 and 15):		
— owned property, plant and equipment	**4,472,192**	3,827,628
— property, plant and equipment under finance leases	**–**	78,947
— right-of-use assets	**345,640**	–
Lease rental expenses:		
— equipment	**3,588**	5,323
— leasehold land and buildings	**18,783**	77,844
Separation and transfer expenses on water/power/gas supply and property management (note)	**209,882**	–
Impairment of inventories	**–**	10,367
Impairment of an amount due from a joint venture and other receivables (Notes 45.2(d)(ii) and 45.2(d)(iii))	**290,406**	34,585
Reservoir maintenance and usage fees	**135,241**	125,917
Cost of purchase of unused power production quota	**74,690**	7,167

Note:

In accordance with the "Notice of the Office of the State Council on the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance Regarding the Guidelines Related to the Separation and Transfer of "Water/Power/Gas Supply and Property Management" in the Employee Living Areas of the State-owned Enterprises (Guo Ban Fa [2016] No. 45) (《國務院辦公廳轉發國務院國資委、財政部關於國有企業職工家屬區「三供一業」分離移交工作指導意見的通知》(國辦發[2016] 45號))", the Group separated its functions of water, power and heat (gas) supply and property management in the employee living areas of the Group and transferred to professional enterprise or institution for socialized management. The expenses arising from the separation and transfer of "water/power/gas supply and property management" of the Group amounted to RMB209,882,000 and were charged to profit and loss.

9. FINANCE INCOME AND FINANCE COSTS

	2019 RMB'000	2018 RMB'000
Finance income		
Interest income from bank deposits	15,526	82,870
Interest income from related parties (Note 47(a)(i))	36,247	15,002
Interest income on discounting effect on clean energy power price premium receivable (Note 26(b))	96,753	27,974
	148,526	125,846
Finance costs		
Interest expense on		
— bank borrowings	1,469,160	2,026,651
— long-term borrowings from related parties (Note 47(b)(iii))	1,201,257	398,836
— short-term borrowings from related parties (Note 47(b)(iii))	312,010	172,385
— long-term other borrowings	124,364	64,201
— short-term other borrowings	1,209	19,080
— amounts due to related parties (Note 47(b)(iii))	3,812	2,898
— lease liabilities/obligations under finance leases	291,155	109,606
— provisions for other long-term liabilities (Note 40)	91,809	86,110
	3,494,776	2,879,767
Less: amounts capitalized to property, plant and equipment	(394,012)	(456,061)
	3,100,764	2,423,706
Exchange losses, net	65,117	154,548
	3,165,881	2,578,254

The weighted average interest rate on capitalized borrowings is approximately 4.37% (2018: 4.48%) per annum.

10. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profits in Hong Kong for the year ended 31 December 2019 (2018: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2018: 25%) on the estimated assessable profits for the year except that certain subsidiaries were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 10%, 12.5% or 15% (2018: 7.5%, 10%, 12.5% or 15%).

10. INCOME TAX EXPENSE (CONTINUED)

The amount of income tax recognized in the consolidated income statement represents:

	2019 RMB'000	2018 RMB'000
PRC current income tax		
Charge for the year	**631,877**	455,915
Under provision in prior years	**4,160**	3,598
	636,037	459,513
Deferred income tax		
Credit for the year (Note 23)	**(123,024)**	(26,750)
	513,013	432,763

The income tax expense on the Group's profit before taxation differs from the theoretical amount that would arise using the income tax rate of the PRC as follows:

	2019 RMB'000	2018 RMB'000
Profit before taxation	**2,714,163**	2,069,948
Less: Share of results of associates	**(224,704)**	(114,461)
Share of results of joint ventures	**(25,475)**	6,446
	2,463,984	1,961,933
Calculated at the PRC statutory tax rate of 25% (2018: 25%)	**615,996**	490,483
Effect on tax concession	**(295,055)**	(179,998)
Income not subject to taxation	**(36,039)**	(21,038)
Expenses not deductible for taxation purpose	**47,564**	22,533
Tax losses with no deferred income tax assets recognized (Note 23)	**193,806**	171,862
Deductible temporary differences with no deferred income tax assets recognized (Note 23)	**158,012**	22,673
Utilization of tax losses previously not recognized (Note 23)	**(7,107)**	(6,120)
Utilization of deductible temporary differences previously not recognized (Note 23)	**(68,214)**	(42,428)
Recognition of deferred income tax assets on tax losses previously not recognized (Note 23)	**(100,110)**	(15,396)
Recognition of deferred income tax assets on deductible temporary differences previously not recognized (Note 23)	**–**	(13,406)
Under provision in prior years	**4,160**	3,598
Income tax expense	**513,013**	432,763

Share of income taxation charge attributable to associates and joint ventures for the year ended 31 December 2019 of RMB64,621,000 (2018: RMB55,594,000) and RMB5,579,000 (2018: RMB2,753,000) respectively were included in the Group's share of results of associates/joint ventures.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of shares in issue during the year.

	2019	2018
Profit for the year attributable to owners of the Company (RMB'000)	**1,284,381**	1,098,355
Weighted average number of shares in issue (shares in thousands)	**9,806,886**	9,806,886
Basic earnings per share (RMB)	**0.13**	0.11

(b) Diluted

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the year ended 31 December 2019.

For the year ended 31 December 2018, the computation of diluted earnings per share did not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market share price of the Company's shares during the year, therefore, diluted earnings per share was same as basic earnings per share.

12. DIVIDENDS

	2019 **RMB'000**	2018 RMB'000
Final, proposed, dividend of RMB0.130 (2018: RMB0.110) per ordinary share	**1,274,895**	1,078,757
2018 final dividend paid — RMB0.110 (equivalent to HK$0.1292) per ordinary share	**1,078,757**	–
2017 final dividend paid — RMB0.081 (equivalent to HK$0.1006) per ordinary share	**–**	794,358
	1,078,757	794,358

At the Board meeting held on 26 March 2020, the Board recommended the payment of a final dividend for the year ended 31 December 2019 of RMB0.130 (equivalent to HK$0.1426 at the exchange rate announced by the People's Bank of China on 26 March 2020) per ordinary share (2018: RMB0.110 (equivalent to HK$0.1292) per ordinary share), totalling RMB1,274,895,000 (equivalent to HK$1,398,462,000) (2018: RMB1,078,757,000 (equivalent to HK$1,267,050,000)), which is based on 9,806,886,321 shares (2018: 9,806,886,321 shares) in issue on 26 March 2020 (2018: 21 March 2019).

This proposed dividend is not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2020.

13. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION

(a) Directors' emoluments

Name of Director	Fees RMB'000	Basic salary, housing allowance, other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Employer's contribution to pension plans RMB'000	Total RMB'000
Year ended 31 December 2019					
Executive Director					
Mr. TIAN Jun(1)	**–**	**516**	**631**	**104**	**1,251**
Non-executive Directors					
Mr. GUAN Qihong(2)	**–**	**–**	**–**	**–**	**–**
Mr. WANG Xianchun(3)	**–**	**–**	**–**	**–**	**–**
Independent non-executive Directors					
Mr. KWONG Che Keung, Gordon	**178**	**106**	**–**	**–**	**284**
Mr. LI Fang	**178**	**106**	**–**	**–**	**284**
Mr. YAU Ka Chi	**178**	**106**	**–**	**–**	**284**
	534	**834**	**631**	**104**	**2,103**
Year ended 31 December 2018					
Executive Directors					
Mr. TIAN Jun(1)	–	437	295	32	764
Mr. YU Bing(4)	–	255	414	25	694
Non-executive Directors					
Mr. GUAN Qihong(2)	–	–	–	–	–
Mr. WANG Xianchun(3)	–	–	–	–	–
Independent non-executive Directors					
Mr. KWONG Che Keung, Gordon	172	146	–	–	318
Mr. LI Fang	172	146	–	–	318
Mr. YAU Ka Chi	172	146	–	–	318
	516	1,130	709	57	2,412

13. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(a) Directors' emoluments *(Continued)*

(1) The emoluments of Mr. TIAN Jun were for his senior management role as President (chief executive) of the Company.

(2) Mr. GUAN Qihong had agreed to waive his director fees during his directorship with the Company.

(3) Mr. WANG Xianchun had agreed to waive his director fees during his directorship with the Company.

(4) Mr. YU Bing resigned as an executive Director of the Company with effect from 27 July 2018. The emoluments of Mr. YU were for his senior management role as the former chief executive of the Company.

The executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Group as chief executives of the Company. The non-executive Directors' and independent non-executive Directors' emoluments shown above were for their services as Directors of the Company.

13. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one Director (2018: none). The emoluments payable to the remaining four (2018: five) individuals during the year are as follows:

	2019 **RMB'000**	2018 RMB'000
Basic salaries, housing allowance, other allowances and benefits in kind	**1,919**	1,938
Discretionary bonuses	**1,866**	1,806
Employer's contribution to pension plans	**386**	161
	4,171	3,905

Their emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Zero to HK$1,000,000 (equivalent to RMB895,800 (2018: RMB876,200))	**–**	5
HK$1,000,001 to HK$1,500,000 (equivalent to RMB895,801 to RMB1,343,700 (2018: RMB876,201 to RMB1,314,300))	**4**	–

During both years, no emoluments have been paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management remuneration by band

Senior management is defined as the same persons whose biographical details are disclosed in the "Directors and Senior Management Profiles" section in the annual report. Their emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Zero to HK$1,000,000 (equivalent to RMB895,800 (2018: RMB876,200))	**4**	11
HK$1,000,001 to HK$1,500,000 (equivalent to RMB895,801 to RMB1,343,700 (2018: RMB876,201 to RMB1,314,300))	**8**	–

14. PROPERTY, PLANT AND EQUIPMENT

	Dam RMB'000	Buildings and leasehold improvements RMB'000	Power generators and equipment RMB'000	Electricity supply equipment RMB'000	Furniture and fixtures, tools and other equipment RMB'000	Transportation facilities RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 31 December 2018 (restated)	24,292,357	23,272,283	49,947,466	8,693,511	4,917,850	536,442	12,844,257	124,504,166
Adjustments upon application of HKFRS 16	–	–	(3,902,521)	–	–	–	(1,920,414)	(5,822,935)
At 1 January 2019 (restated)	24,292,357	23,272,283	46,044,945	8,693,511	4,917,850	536,442	10,923,843	118,681,231
Additions and transfer from prepayments (note (h))	53,726	5,980	13,088	11,236	37,314	15,265	11,841,069	11,977,678
Acquired on acquisitions of subsidiaries (Note 46)	–	21,245	615,146	66,473	8,597	1,046	1,789	714,296
Disposals	–	(25,765)	(350,110)	(883,106)	(90,026)	(13,757)	(129,018)	(1,491,782)
Reclassed from right-of-use assets (Note 15)	–	–	1,878,490	–	–	–	17,884	1,896,374
Transfer between categories	1,536,879	1,180,666	6,728,772	674,800	664,655	4,442	(10,790,214)	–
At 31 December 2019	25,882,962	24,454,409	54,930,331	8,562,914	5,538,390	543,438	11,865,353	131,777,797
Accumulated depreciation and impairment losses								
At 31 December 2018	3,325,832	6,280,041	13,735,615	3,094,485	2,206,660	321,923	–	28,964,556
Adjustments upon application of HKFRS 16	–	–	(374,729)	–	–	–	–	(374,729)
At 1 January 2019 (restated)	3,325,832	6,280,041	13,360,886	3,094,485	2,206,660	321,923	–	28,589,827
Depreciation charge for the year	601,132	858,841	2,281,573	371,201	310,949	48,496	–	4,472,192
Impairment loss recognized for the year (notes (e) and (f))	304,332	34,850	6,710	2,253	1,145	84	77,025	426,399
Disposals (note (g))	–	(20,857)	(276,764)	(357,815)	(88,859)	(11,252)	–	(755,547)
At 31 December 2019	4,231,296	7,152,875	15,372,405	3,110,124	2,429,895	359,251	77,025	32,732,871
Net book value								
At 31 December 2019	21,651,666	17,301,534	39,557,926	5,452,790	3,108,495	184,187	11,788,328	99,044,926

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Dam RMB'000	Buildings and leasehold improvements RMB'000 (restated)	Power generators and equipment RMB'000 (restated)	Electricity supply equipment RMB'000	Furniture and fixtures, tools and other equipment RMB'000	Transportation facilities RMB'000	Construction in progress RMB'000	Total RMB'000 (restated)
Cost								
At 1 January 2018	21,104,601	20,462,531	38,894,749	8,038,225	4,657,469	543,744	7,699,908	101,401,227
Additions and transfer from prepayments	10,978	3,985	83,606	1,038	65,585	16,226	12,708,764	12,890,182
Acquired on acquisitions of subsidiaries (restated)	2,894,102	2,078,987	7,446,341	583,216	70,988	17,254	2,390,175	15,481,063
Disposal of a subsidiary	(45,608)	(38,982)	(30,702)	(4,810)	(14,810)	(443)	(6,273)	(141,628)
Disposals	–	(26,954)	(141,531)	(6,049)	(28,566)	(23,177)	–	(226,277)
Reclassified to disposal group classified as held for sale (Note 32)	–	(982,978)	(3,036,524)	(258,783)	(246,876)	(29,444)	(345,796)	(4,900,401)
Transfer between categories	328,284	1,775,694	6,731,527	340,674	414,060	12,282	(9,602,521)	–
At 31 December 2018 (restated)	24,292,357	23,272,283	49,947,466	8,693,511	4,917,850	536,442	12,844,257	124,504,166
Accumulated depreciation and impairment losses								
At 1 January 2018	2,766,309	5,833,349	12,539,058	2,820,882	2,047,028	275,779	–	26,282,405
Depreciation charge for the year	565,720	652,946	1,948,727	363,615	291,336	84,231	–	3,906,575
Disposal of a subsidiary	(6,197)	(8,045)	(12,439)	(1,542)	(18,459)	(294)	–	(46,976)
Disposals	–	(19,887)	(110,754)	(2,418)	(20,754)	(19,226)	–	(173,039)
Reclassified to disposal group classified as held for sale (Note 32)	–	(178,322)	(628,977)	(86,052)	(92,491)	(18,567)	–	(1,004,409)
At 31 December 2018	3,325,832	6,280,041	13,735,615	3,094,485	2,206,660	321,923	–	28,964,556
Net book value								
At 31 December 2018 (restated)	20,966,525	16,992,242	36,211,851	5,599,026	2,711,190	214,519	12,844,257	95,539,610

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Dam	30 – 50 years
Buildings	8 – 45 years
Leasehold improvements	Shorter of 5 years and over the lease term
Power generators and equipment	9 – 28 years
Electricity supply equipment	13 – 30 years
Furniture and fixtures	3 – 5 years
Tools and other equipment	3 – 18 years
Transportation facilities	2 – 12 years

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: *(Continued)*

(b) As at 31 December 2019, certain of the Group's property, plant and equipment with net book value of RMB2,582,446,000 (2018: RMB2,885,031,000) were situated on leasehold land in the PRC leased from SPIC which held the rights on the leasehold land. The remaining period of the Group's rights on leasehold land as at 31 December 2019 ranges from 6 to 29 years (2018: ranges from 1 to 9 years).

(c) As at 31 December 2019, the legal title of certain properties of the Group with net book value of RMB4,345,468,000 (2018: RMB3,972,972,000) had not been transferred to the Group. However, the Directors are of the opinion that the risks and rewards of using these assets have been transferred to the Group.

In addition, certain of the Group's property, plant and equipment are situated on right-of-use assets (leasehold land) in the PRC which was granted, free of charge, for the use by the relevant government authorities to the relevant subsidiaries of the Group with no specific terms of usage.

(d) As at 31 December 2019, certain property, plant and equipment of the Group with net book value of RMB392,981,000 (2018: RMB502,549,000) were pledged as security for certain long-term borrowings from Agricultural Bank of China Limited ("ABC") (Note 36 (c)).

(e) For the year ended 31 December 2019, management has performed impairment assessment on certain property, plant and equipment with impairment indication included in "Coal-fired electricity" and "Hydropower electricity" segments.

The recoverable amount of the associated CGUs had been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the then production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

Management prepared the financial budgets taking into account of the actual and prior years' performance and market development expectations. For certain CGUs in "Coal-fired electricity" segment, the growth rates in electricity sold (including sales of power generation quota) and pre-tax discount rates used for value in use calculations range from 0% to 12% (2018: 0% to 6%) and from 8.1% to 8.6% (2018: 7.2% to 8.7%) respectively. For certain CGUs in "Hydropower electricity" segment, the growth rates in electricity sold and pre-tax discount rates used for value in use calculations range from 0% to 2% (2018: not applicable) and are at 8.5% (2018: not applicable) respectively. Management estimates the growth rates in electricity sold by reference to the expected demand for electricity in the regions where the power plants are located. And management estimates the discount rates using pre-tax rate that reflects market assessments of the time value of money and the specific risks relating to the CGUs. Other key assumptions applied in the impairment assessment include the expected tariff rates, fuel costs (if applicable) and staff costs.

Based on the result of the assessment, management of the Group determined that the recoverable amounts of certain CGUs included in the "Hydropower electricity" segment are lower than their respective carrying amounts as a result of a much-lower-than-expected operating performance. Based on the value in use calculation and the allocation, an impairment of RMB294,275,000 (2018: Nil), has been recognized against the carrying amount of property, plant and equipment for the year ended 31 December 2019.

(f) During the year ended 31 December 2019, one power plant included in "Hydropower electricity" segment ceased operation. As a result, the carrying amount of such power plant of RMB70,921,000 was fully impaired as at 31 December 2019. In addition, it was identified that the likelihood of obtaining necessary approval to continue construction in certain projects in "Hydropower electricity" segment, "Photovoltaic power electricity" segment and "Wind power electricity" segment of the Group was remote. As a result, the carrying amount of such projects of RMB61,203,000 was fully written down as at 31 December 2019.

(g) For the year ended 31 December 2019, disposals of the Group's property, plant and equipment included impairment losses of certain property, plant and equipment of RMB218,998,000 (2018: Nil), which were written down upon the disposal of corresponding property, plant and equipment. As at 31 December 2019, the accumulated impairment losses of property, plant and equipment amounted to RMB643,626,000 (2018: RMB436,225,000).

(h) For the year ended 31 December 2019, additions of dam represented a recognition of provisions for Inundation Compensation caused by the construction of certain hydropower plants of the Group. Management has reviewed and performed assessment on such provisions to reflect the current best estimate and, as a result, an additional provision of RMB53,726,000 (2018: RMB10,978,000) (Note 40) was provided to the cost of dam for the year ended 31 December 2019.

15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Buildings RMB'000	Equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost					
At 1 January 2019	1,478,958	200,245	3,527,792	1,920,414	7,127,409
Additions	826,269	67,313	110,492	251,000	1,255,074
Acquired on acquisitions of subsidiaries (Note 46)	108,325	–	436,310	–	544,635
Reclassed to property, plant and equipment (Note 14)	–	–	(2,073,782)	(17,884)	(2,091,666)
Transfer between categories	–	–	827,295	(827,295)	–
At 31 December 2019	2,413,552	267,558	2,828,107	1,326,235	6,835,452
Accumulated depreciation					
At 1 January 2019	–	–	–	–	–
Depreciation charge for the year	73,796	44,386	227,458	–	345,640
Reclassed to property, plant and equipment (Note 14)	–	–	(195,292)	–	(195,292)
At 31 December 2019	73,796	44,386	32,166	–	150,348
Net book value					
At 31 December 2019	2,339,756	223,172	2,795,941	1,326,235	6,685,104
For the year ended 31 December 2019					
Expense relating to short-term leases and other leases with lease terms end within 12 months from the date of initial application of HKFRS 16	–	18,227	3,450	–	21,677
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	–	555	139	–	694
Total cash outflow for leases	51,016	50,629	2,663,448	436,120	3,201,213
Additions to right-of-use assets	934,594	67,313	546,802	251,000	1,799,709

Note:

For both years, the Group leases leasehold lands, buildings, equipment and components of power generators included in construction in progress for its operations. Lease contracts are entered into for fixed term of 2 to 20 years, but may have extension options as described below. Certain leases of equipment were accounted for as finance leases during the year ended 31 December 2018 and carried interest ranged from 4.41% to 8.0%. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for equipment. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense was recognized and as disclosed in Note 8.

15. RIGHT-OF-USE ASSETS (CONTINUED)

Variable lease payments

Leases of leasehold land are either with only fixed lease payments or contain variable lease payment that are based on electricity sales performance and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses. The amount of fixed and variable lease payments paid/payable to relevant lessors for the year ended 31 December 2019:

	Fixed payments RMB'000	Variable payments RMB'000	Total payments RMB'000
Leasehold land without variable lease payments	1,323,734	–	1,323,734
Leasehold land with variable lease payments	3,040	90,084	93,124
	1,326,774	90,084	1,416,858

Extension options

The Group has extension options in a number of leases for leasehold land. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Based on the assessment, the extension option of leasehold land lease was reasonable certain to be exercised so that the extension period was included in lease period.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019, there is no such triggering event.

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2019, the Group did not enter into any sale and leaseback transactions.

16. PREPAYMENTS FOR CONSTRUCTION OF POWER PLANTS

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Group's power plants including payments for equipment and machineries pending delivery to the relevant power plants for installation.

As at 31 December 2019, the balance of prepayments for construction of power plants includes an amount of RMB481,717,000 (2018: RMB166,215,000), which is prepayments for construction of power plants to related parties (companies controlled by SPIC other than SPIC Financial).

17. PREPAID LEASE PAYMENTS

The amount represents cost of the prepaid lease payments in respect of land located in the PRC where certain of the Group's property, plant and equipment are built on.

	2018 RMB'000
Analyzed for reporting purpose as:	
— Non-current	1,106,126
— Current	23,916
	1,130,042

As at 31 December 2018, certain leasehold land of the Group with net book value of RMB30,547,000 were pledged as security for long-term borrowings from related parties (Note 36(c)).

18. GOODWILL

	2019 **RMB'000**	2018 RMB'000 (restated)
Cost		
At 1 January	**1,118,170**	1,002,104
Arising on acquisitions of subsidiaries (Note 46) (note (d)) (restated)	**235,983**	116,066
At 31 December	**1,354,153**	1,118,170
Accumulated impairment losses		
At 1 January and 31 December	**166,939**	166,939
Net book value		
At 1 January	**951,231**	835,165
At 31 December (restated)	**1,187,214**	951,231

Goodwill is allocated to the Group's CGU or groups of CGUs identified according to operating segments. The accumulated impairment losses relate to coal-fired electricity segment.

A segment-level summary of the goodwill allocation at cost before impairment and at net book value is presented below:

	Coal-fired electricity RMB'000	**Hydropower electricity RMB'000**	**Photovoltaic power electricity RMB'000**	**Total RMB'000**
Cost				
At 31 December 2018	234,651	872,865	5,684	1,113,200
Adjustments to fair values of assets acquired on acquisitions in prior period (note (d))	–	–	4,970	4,970
At 31 December 2018 (restated)	234,651	872,865	10,654	1,118,170
Arising on acquisitions of subsidiaries (Note 46)	**–**	**–**	**235,983**	**235,983**
At 31 December 2019	**234,651**	**872,865**	**246,637**	**1,354,153**
Net book value				
At 31 December 2018 (restated)	67,712	872,865	10,654	951,231
At 31 December 2019	**67,712**	**872,865**	**246,637**	**1,187,214**

18. GOODWILL (CONTINUED)

Notes:

(a) For the purpose of impairment assessment, the recoverable amount of each CGU or group of CGUs is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the then production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

(b) There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Management prepared the financial budgets taking into account of the actual and prior years' performance and market development expectation:

	Net book value		Growth rates of electricity sold		Pre-tax discount rates	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	RMB'000				
Goodwill allocated to one (2018: one) CGU in "Coal-fired electricity" segment monitored at individual CGU level	**67,712**	67,712	**0%**	0%	**8.6%**	8.7%
Goodwill allocated to three CGUs (2018: N/A) in "Photovoltaic power electricity" segment monitored at individual CGU level	**246,637**	N/A	**0% to 7.2%**	N/A	**9.3%**	N/A
Goodwill allocated to one (2018: one) CGU in "Hydropower electricity" segment monitored at individual CGU level	**105,412**	105,412	**0%**	0%	**8%**	8.2%
Goodwill in "Hydropower electricity" segment monitored at group of CGUs level	**767,453**	767,453	**0% to 2%**	0% to 23.6% (note (i))	**8% to 8.5%**	8%

Management estimates the growth rates in electricity sold by reference to the expected demand for electricity in the regions where the power plants are located. Management estimates the discount rate using pre-tax rate that reflects market assessment of the time value of money and the specific risks relating to the CGUs or groups of CGUs. Other key assumptions applied in the impairment assessment include the expected tariff rates, fuel costs (if applicable) and staff costs.

Note (i):

Due to the exceptionally low rainfall in Hunan Province, the PRC in 2018, the Group's power plant located there experienced a significant decline in power generation of hydropower electricity. Accordingly, the Group provided a high growth rate of electricity sold of up to 23.6% in subsequent years within the budget period for impairment assessment of goodwill in "Hydropower electricity" segment monitored at group of CGUs level.

(c) No impairment on goodwill is required based on the impairment assessment performed by the management.

(d) Adjustments to goodwill subsequent to acquisitions

During the year ended 31 December 2019, the initial accounting for the acquisition was completed. As a result, adjustments to the provisional values of identifiable assets and liabilities of Zhongning Longji Photovoltaic New Energy Company Limited ("Zhongning Longji") were recognized and the comparatives figures on property, plant and equipment, goodwill, other intangible assets and non-controlling interests had been restated as if the initial accounting had been completed from the acquisition date. Details are disclosed in Note 46(d).

19. OTHER INTANGIBLE ASSETS

	2019 RMB'000	2018 RMB'000 (restated)
Cost		
At 1 January	900,100	–
Acquired on acquisitions of subsidiaries (Note 46)	208,000	900,100
At 31 December	1,108,100	900,100
Accumulated amortization		
At 1 January	3,086	–
Charge for the year	50,884	3,086
At 31 December	53,970	3,086
Net book value		
At 1 January	897,014	–
At 31 December	1,054,130	897,014

Other intangible assets represent the carrying amount of the favourable tariff contracts acquired on the acquisitions of certain photovoltaic power companies. These intangible assets have finite useful lives and are amortized on a straight-line basis over the period ranging from 17 to 20 years (2018: 18 to 20 years).

Such favourable tariff contracts arising from the tariff difference between the original tariff granted to such solar power plants acquired in their respective power purchase contract and the market prevailing tariff at their respective acquisition date. The latter were lower as a result of recent market trend in PRC's solar power industry. The Directors are of the opinion that these solar power CGUs within those acquired solar power plants which have successfully secured the original tariff based on contractual/legal rights, will maintain the expected future cash flows and returns despite the fair value of the solar panels included in its property, plant and equipment at their respective acquisition date had recorded a decline over their carrying amounts.

The fair value of the favourable tariff contracts is measured using discounted cash flow valuation techniques based on the tariff difference. Key assumptions included in the discounted cash flow include pre-tax discount rate ranging from 10.4% to 13.5% (2018:10.7% to 12%), tariff rate, future electricity sold volume and the expected beneficial period ranging from 17 to 20 years (2018: 18 to 20 years).

20. INTERESTS IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Cost of investment in associates	2,412,254	2,372,254
Share of undistributed post-acquisition reserves	368,156	289,113
	2,780,410	2,661,367

As at 31 December 2019, interests in associates include goodwill of RMB158,732,000 (2018: RMB158,732,000).

20. INTERESTS IN ASSOCIATES (CONTINUED)

There are no contingent liabilities relating to the Group's interests in associates and these associates did not have any material contingent liabilities as at 31 December 2019 and 2018.

Dividends from associates for the year ended 31 December 2019 amounted to RMB145,661,000 (2018: RMB200,244,000).

The followings are the details of the associates as at 31 December 2019 and 2018:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
Sichuan Energy Investment Development Co., Ltd. ("Sichuan Energy Investment") (四川能投發展股份有限公司)	The PRC	RMB1,074,358,000	9.13% (note)	–	Joint stock, limited liability company with its H-shares listed on the Stock Exchange	Energy investment
Jiangsu Changshu Electric Power Generating Company Limited ("Changshu Power Plant") (江蘇常熟發電有限公司)	The PRC	RMB2,685,000,000	50%	–	Sino-foreign equity joint venture	Generation and sale of electricity
^Guizhou Pu'an Diguapo Coal Industry Co., Ltd. (貴州普安地瓜坡煤業有限公司)	The PRC	RMB630,000,000/ RMB94,500,000	35%	–	Sino-foreign equity joint venture	Coal management and consultancy service
Hunan China Resources Power Liyujiang Company Limited (湖南華潤電力鯉魚江有限公司)	The PRC	RMB573,660,000	–	40%	Sino-foreign equity joint venture	Generation and sale of electricity
Hunan Nuclear Power Company Limited (湖南核電有限公司)	The PRC	RMB289,000,000	–	20%	Limited liability company	Generation and sale of electricity
Jiangsu Changdian Environmental Technology Company Limited (江蘇常電環保科技有限公司)	The PRC	RMB8,000,000	–	50%	Sino-foreign equity joint venture	Sale of electricity generation by-products
Gui'an New District Power Distribution and Sales Company Limited ("Gui'an New District") (貴安新區配售電有限公司)	The PRC	RMB1,500,000,000/ RMB300,000,000	8% (note)	–	Sino-foreign equity joint venture	Distribution and sale of electricity
^Sujin Energy Holding Company Limited ("Sujin Energy") (蘇晉能源控股有限公司)	The PRC	RMB6,000,000,000/ RMB200,000,000	–	9.5% (note)	Limited liability company	Generation and sale of electricity
Yibin Fuxi Fly Ash Development Co., Ltd. (宜賓福溪粉煤灰開發有限公司)	The PRC	RMB5,800,000	–	39%	Limited liability company	Sale of coal by-products
^Shangdianpingnan New Energy Company Limited (上電平南新能源有限公司)	The PRC	RMB5,000,000	–	40%	Limited liability company	Generation and sale of electricity
#^Shandong Green Energy Investment Co., Ltd. (山東綠色能源投資有限公司)	The PRC	RMB300,000,000/ RMB99,000,000	–	30%	Limited liability company	Energy investment

^ These associates have not commenced operation yet.
# This associate was newly set up in 2019.

20. INTERESTS IN ASSOCIATES (CONTINUED)

Note:

The Group could exercise significant influence over Sichuan Energy Investment, Gui'an New District and Sujin Energy through its representative on the board of directors, and therefore classified these three companies as associates.

Summarized unaudited financial information of a material associate

In the opinion of the Directors, Changshu Power Plant and its subsidiary (collectively referred to as "Changshu Group") is a material associate to the Group, its summarized unaudited financial information are set out below:

Summarized consolidated statement of financial position

	Changshu Group	
	2019	2018
	RMB'000	RMB'000
Non-current assets	**8,223,957**	8,564,700
Current assets	**807,618**	830,034
Non-current liabilities	**(3,744,929)**	(3,455,384)
Current liabilities	**(1,514,046)**	(2,257,456)
Net assets	**3,772,600**	3,681,894

Summarized consolidated income statement and consolidated statement of comprehensive income

	Changshu Group	
	2019	2018
	RMB'000	RMB'000
Revenue	**5,012,142**	5,443,798
Profit and total comprehensive income for the year	**345,794**	317,369
Dividend received from the associate	**127,544**	170,457

Reconciliation of summarized unaudited financial information

Reconciliation of summarized unaudited financial information presented above to the carrying amount of interest in Changshu Group is as follows:

	Changshu Group	
	2019	2018
	RMB'000	RMB'000
Opening net assets	**3,681,894**	3,705,438
Profit and total comprehensive income for the year	**345,794**	317,369
Dividend paid	**(255,088)**	(340,913)
Closing net assets	**3,772,600**	3,681,894
Interest in an associate (at 50%) — At carrying amount	**1,886,300**	1,840,947

20. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2019 RMB'000	2018 RMB'000
The Group's share of results and total comprehensive income/(expenses) for the year	51,807	(44,224)
Aggregate carrying amount of the Group's interests	894,110	820,420

21. INTERESTS IN JOINT VENTURES

	2019 RMB'000	2018 RMB'000
Unlisted investments, at cost	689,984	627,491
Share of undistributed post-acquisition reserves	17,160	(3,329)
Less: Accumulated impairment (note)	(156,370)	(156,370)
	550,774	467,792

Note: It represents the full impairment on the carrying amount of the Group's interest in Chuanjing Coal (as defined below) provided in 2015.

The followings are the details of the joint ventures as at 31 December 2019 and 2018:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Sichuan Guangwang Group Chuanjing Coal Industry Company Limited ("Chuanjing Coal") (四川廣旺集團船景煤業有限責任公司)	The PRC	RMB472,000,000/ RMB329,182,000	49%	–	Sino-foreign equity joint venture	Coal mining
Guangzhou China Power Lixin Industry Company Limited (廣州中電荔新電力實業有限公司)	The PRC	RMB604,000,000	50%	–	Sino-foreign equity joint venture	Generation and sale of electricity
Henan Zhongping Coal & Electricity Co., Ltd. (河南中平煤電有限責任公司)	The PRC	RMB132,061,000	50%	–	Sino-foreign equity joint venture	Coal transportation and selling
SPIC Guangxi Beibu Gulf (Qinzhou) Thermal Power Co., Ltd. ("Beibu Gulf Thermal Power") (國家電投集團廣西北部灣(欽州)熱電有限公司)	The PRC	RMB125,470,588	–	51% (note)	Limited liability company	Generation and sale of electricity
# Xian Ruicheng Longtai New Energy Company Limited (西安芮成隆泰新能源有限公司)	The PRC	RMB220,000,000/ RMB55,340,000	49%	–	Sino-foreign equity joint venture	Generation and sale of electricity
^ # Hunan Luxin Smarter Energy Co., Ltd (湖南麓新智慧能源有限責任公司)	The PRC	RMB100,000,000/ RMB8,000,000	–	40%	Limited liability company	Generation and sale of electricity

^ This joint venture has not commenced operation yet.
# These joint ventures were newly set up or acquired in 2019.

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Note:

In accordance with the articles of Beibu Gulf Thermal Power, decisions on business and investment plan, annual financial budget plan, profit distribution and loss recovery plans should be approved by more than 2/3 voting rights. Thus the minimum decision-making voting rights could not be achieved by the Group alone and the relevant activities require the unanimous consent of the two shareholders. Therefore, the Group recognizes this equity investment as interest in a joint venture.

None of the joint ventures was individually material.

There were no contingent liabilities relating to the Group's interests in the joint ventures and the joint ventures did not have any material contingent liabilities as at 31 December 2019 and 2018.

Dividend from a joint venture for the year ended 31 December 2019 amounted to RMB4,702,000 (2018: RMB21,898,000).

Capital commitments in respect of property, plant and equipment

	2019 **RMB'000**	2018 RMB'000
Contracted but not provided for	**161,762**	32,367

22. EQUITY INSTRUMENTS AT FVTOCI

	2019 **RMB'000**	2018 RMB'000
Unlisted equity investments in the PRC (note (a))	**438,306**	140,507
Listed equity securities in the PRC		
– Shanghai Electric Power Co., Ltd. ("Shanghai Power") (note (b))	**2,924,502**	2,942,667
	3,362,808	3,083,174

Notes:

(a) Unlisted equity investments mainly represent interests in certain unlisted companies which are principally engaged in financial services, coal production, water supply and electricity trading services respectively. The Directors have elected to designate these investments as equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

On 29 July 2019, China Power Guorui Logistics Company Limited (中電國瑞物流有限公司) ("CP Guorui") (a wholly-owned subsidiary of the Company) entered into a capital injection agreement with Huainan Mining Industry (Group) Company Limited (淮南礦業(集團)有限責任公司) ("Huainan Mining"), the original shareholders, Shanghai Power and certain independent third parties, which is a related party transaction by the Group. Pursuant to the agreement, CP Guorui injected RMB200 million by way of cash contribution into Huainan Mining. CP Guorui will own approximately 0.57% equity interest of Huainan Mining upon completion of the capital injection.

22. EQUITY INSTRUMENTS AT FVTOCI (CONTINUED)

Notes: *(Continued)*

(b) Details of the equity securities listed in the PRC held directly by the Company as at 31 December 2019 and 2018 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Company	Type of legal entity	Principal activity
Shanghai Power#	The PRC	RMB2,617,164,197	13.88%	Joint stock, limited liability company with its A-shares listed on the Shanghai Stock Exchange	Investment holdings and generation and sale of electricity

\# Shanghai Power is a subsidiary of SPIC.

These equity securities are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these equity securities as equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these equity securities' fair value in profit or loss would not be consistent with the Group's strategy of holding these equity securities for long-term purposes and realizing their performance potential in the long run.

23. DEFERRED INCOME TAXES

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2019 RMB'000	2018 RMB'000
Deferred income tax assets	**719,142**	376,672
Deferred income tax liabilities	**(1,743,183)**	(1,674,188)
Net deferred income tax liabilities	**(1,024,041)**	(1,297,516)

23. DEFERRED INCOME TAXES (CONTINUED)

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) The net movements in the deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation RMB'000	Decelerated tax depreciation RMB'000	Changes in fair value (note (b)) RMB'000	Provisions RMB'000	Tax losses RMB'000	Right-of-use assets/lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(1,545,495)	239,672	(407,177)	249,547	323,726	–	(7,868)	(1,147,595)
Acquired on acquisitions of subsidiaries	(2,437)	119,573	–	–	–	–	–	117,136
(Charged)/credited to profit or loss (Note 10)	(47,952)	542	–	(31,091)	137,641	2,579	61,305	123,024
Charged to other comprehensive income	–	–	(19,722)	–	–	–	–	(19,722)
At 31 December 2019	(1,595,884)	359,787	(426,899)	218,456	461,367	2,579	53,437	(927,157)
At 1 January 2018	(1,252,263)	217,349	(507,701)	252,175	259,017	–	1,584	(1,029,839)
Adjustments	–	–	(14,537)	–	–	–	–	(14,537)
At 1 January 2018 (restated)	(1,252,263)	217,349	(522,238)	252,175	259,017	–	1,584	(1,044,376)
Acquired on acquisitions of subsidiaries	(259,069)	12,107	–	–	–	–	–	(246,962)
(Charged)/credited to profit or loss (Note 10)	(34,163)	10,216	–	(2,628)	64,709	–	(11,384)	26,750
Credited to other comprehensive income	–	–	115,061	–	–	–	–	115,061
Others	–	–	–	–	–	–	1,932	1,932
At 31 December 2018	(1,545,495)	239,672	(407,177)	249,547	323,726	–	(7,868)	(1,147,595)

(b) These were deferred income tax on fair value changes of equity instruments at FVTOCI and debt instruments at FVTOCI and release of deferred income tax on derecognition of debt instruments at FVTOCI.

(c) Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 31 December 2019, the Group had unrecognized tax losses to be carried forward against future taxable profits amounted to RMB1,763,076,000 (2018: RMB1,416,720,000), which will expire within 5 years.

(d) As at 31 December 2019, the Group had deductible temporary differences of RMB525,553,000 (2018: RMB166,360,000), which mainly relates to the impairment losses of the Group's property, plant and equipment and interest in a joint venture. No deferred income tax assets had been recognized in relation to such deductible temporary difference as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilized.

(e) As the Company is a deemed PRC Tax Resident Enterprise, the Company is exempted from the withholding tax charged on the dividends remitted to the Company by the subsidiaries, associates or joint ventures. As such, no deferred income tax liabilities on unremitted earnings of subsidiaries, associates or joint ventures would be recognized.

24. OTHER NON-CURRENT ASSETS

	2019 RMB'000	2018 RMB'000
Deductible VAT and other taxes	**2,588,910**	1,903,417
Accounts receivable (Note 26)	**3,996,742**	2,036,907
Amounts due from related parties (Note 28(a))	**100,000**	100,000
Prepaid rent for leasehold land	**–**	127,735
Others	**72,994**	84,204
	6,758,646	4,252,263

25. INVENTORIES

	2019 RMB'000	2018 RMB'000
Coal and oil	**543,087**	575,252
Spare parts and consumables	**146,775**	137,299
	689,862	712,551

26. ACCOUNTS RECEIVABLE

	2019 RMB'000	2018 RMB'000
Accounts receivable from regional and provincial power grid companies (note (b))	**7,378,774**	4,798,696
Accounts receivable from other companies (note (b))	**16,866**	9,481
	7,395,640	4,808,177
Notes receivable (note (d))	**13,893**	13,473
	7,409,533	4,821,650
Analyzed for reporting purpose as:		
— Non-current (included in other non-current assets (Note 24)) (note (b))	**3,996,742**	2,036,907
— Current	**3,412,791**	2,784,743
	7,409,533	4,821,650

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) To measure the ECL of accounts receivable, accounts and notes receivables have been assessed individually upon the application of HKFRS 9. The loss allowance of the accounts receivable as at 31 December 2019 and 2018 was insignificant.

26. ACCOUNTS RECEIVABLE (CONTINUED)

Notes: *(Continued)*

(b) The ageing analysis of the accounts receivable presented which based on invoice date is as follows:

	2019 RMB'000	2018 RMB'000
Unbilled	4,419,540	2,335,601
1 to 3 months	3,128,105	2,618,585
	7,547,645	4,954,186

The accounts receivable that are neither past due nor impaired has been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

As at 31 December 2019, accounts receivable from regional and provincial power grid companies include clean energy power price premium receivable of RMB4,419,540,000 (2018: RMB2,335,601,000), which is unbilled and is stated after discounting.

The clean energy power price premium, which is a component of the government-approved on-grid tariff for wind and photovoltaic power generation, is recognized as revenue from sales of electricity in the consolidated income statement of the Group for its wind and photovoltaic power projects.

It is expected that the approval for the settlement of the tariff premium for Group's certain wind and photovoltaic power projects will be obtained after 31 December 2020 (2018: 31 December 2019) and the corresponding premium receivables are estimated to be recovered after twelve months from the reporting date. Therefore, the Directors consider the electricity sales contract contains a significant financing component. For the year ended 31 December 2019, the respective clean energy power price premium was adjusted for this financing component based on an effective interest rate of 4.75% (2018: 4.75%) per annum. The Group's revenue was adjusted by RMB259,392,000 (2018: RMB172,450,000), and interest income amounting to RMB96,753,000 (2018: RMB27,974,000) (Note 9) was recognized.

(c) As at 31 December 2019, accounts receivable of RMB80,000,000 (2018: Nil) is being securitised by the Group. As the Group only provides collection services in accordance with the agreement without any charges on such services. The Group considers that all the risks and rewards of these accounts receivables have been transferred to the counterparties and such accounts receivables are derecognized accordingly.

(d) As at 31 December 2019, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period of 360 days (2018: 360 days).

(e) As at 31 December 2019, certain bank borrowings, long-term borrowings from related parties (including SPIC Financial, Industrial and Commercial Bank of China Limited ("ICBC") and ABC), and certain lease liabilities (2018: obligations under finance leases) (Notes 35(d), 36(b), 36(c), 38 and 39) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these debts as at 31 December 2019 amounted to RMB3,760,170,000 (2018: RMB1,580,203,000).

(f) Apart from certain clean energy power price premium receivables of RMB3,996,742,000 (2018: RMB2,036,907,000) which is stated after discounting, the fair values of the remaining accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments, deposits and other receivables mainly represent current portion of deductible VAT, prepayments for purchasing inventories and materials, deposits and other receivables.

	2019 RMB'000	2018 RMB'000
Deposits and other receivables	**1,044,735**	851,026
Prepayments	**308,355**	310,131
Deductible VAT	**1,032,905**	949,072
Provision under ECL	**(103,370)**	(74,264)
	2,282,625	2,035,965

As at 31 December 2019, prepayments, deposits and other receivables included prepayments to non-controlling shareholders of subsidiaries of RMB76,793,000 (2018: RMB53,453,000).

28. AMOUNTS DUE FROM/TO RELATED PARTIES

	2019 RMB'000	2018 RMB'000
Amounts due from related parties		
Amounts due from CPDL	**7,912**	7,912
Amounts due from CPI Holding	**99**	218
Amounts due from SPIC Financial	**23**	1,059
Amounts due from companies controlled by SPIC other than SPIC Financial	**384,139**	397,714
Amounts due from fellow subsidiaries	**37,012**	67,324
Amounts due from associates (note (a))	**160,893**	461,441
Amounts due from joint ventures (note (b))	**448**	212,279
Amounts due from non-controlling shareholders of subsidiaries	**16,031**	13,988
	606,557	1,161,935
Less: Amounts that is expected to realize after 12 months shown under non-current assets (Note 24) (note (a))	**(100,000)**	(100,000)
Amounts that is expected to realize within 12 months shown under current assets	**506,557**	1,061,935

	2019 RMB'000	2018 RMB'000
Amounts due to related parties		
Amounts due to SPIC	**78,758**	603,636
Amounts due to CPI Holding (note (c))	**113,777**	241,568
Amounts due to SPIC Financial	**429,428**	350,608
Amounts due to ICBC and ABC	**129,788**	25,440
Amounts due to companies controlled by SPIC other than SPIC Financial	**602,296**	588,868
Amounts due to fellow subsidiaries	**101,608**	85,505
Amounts due to joint ventures	**3**	855
Amounts due to an associate	**17,573**	8,548
Amounts due to non-controlling shareholders of subsidiaries (note (d))	**207,589**	630,236
	1,680,820	2,535,264

28. AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) The amounts due from associates are unsecured. Except for a balance of RMB55,080,000 (2018: RMB355,080,000) which is interest bearing at 1.75% (2018: from 1.75% to 4.35%) per annum and repayable within one year, the remaining balances are interest free and repayable on demand. A balance of RMB100,000,000 (2018: RMB100,000,000) which is interest bearing at 4.34% (2018: 4.34%) per annum and repayable by 2021, and has been included in other non-current assets (Note 24).

(b) The amounts due from a joint venture is unsecured. Except for a balance of RMB261,300,000 (2018: RMB211,650,000) which is interest bearing at 5.66% (2018: 5.66%) per annum and repayable within one year, the remaining balances are interest free and repayable on demand. As a result of a unforeseeable adverse change during the year in the operating environment of its thermal power project, Beibu Gulf Thermal Power ceased operation. A loss allowance for the amount due from such joint venture of RMB261,300,000 has been fully recognised based on the impairment assessment under lifetime ECL , as the Group considers that the joint venture is in severe financial difficulty and the Group has no realistic prospect of recovery. Details of impairment assessment are set out in Note 45.2(d).

(c) The amounts due to CPI Holding are unsecured. Except for a balance of RMB106,440,000 (2018: RMB106,440,000) which is interest bearing at 1.75% (2018: 1.75%) per annum and repayable within one year, the remaining balances are interest free and repayable on demand.

(d) The amounts due to non-controlling shareholders of subsidiaries included dividend payable of RMB39,086,000 (2018: RMB33,762,000).

(e) Balances with related parties, other than those disclosed in notes (a) to (d), are unsecured, interest free and repayable on demand.

(f) The fair values of these balances approximate their carrying amounts as the impact of discounting is not significant.

29. DEBT INSTRUMENTS AT FVTOCI

The analysis includes those classified as part of the disposal group classified as held for sale.

As at 31 December 2019, debt instruments at FVTOCI represent certain notes receivable issued by third parties and related parties, and were normally with maturity period within 360 days (2018: 360 days). Notes receivable discounted and endorsed to banks, suppliers and related parties of RMB594,314,000, RMB821,661,000 and RMB347,917,000 respectively (2018: RMB364,177,000, RMB386,699,000 and RMB414,226,000 respectively) are derecognized by the Group (the "Derecognized Notes"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of Directors, the Group has transferred substantially all risks and rewards relating to the Derecognized Notes. Accordingly, it has derecognized the full carrying amounts of the Derecognized Notes and the associated trade payables and amounts due to related parties. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Notes and the undiscounted cash flows to repurchase these Derecognized Notes equal to their derecognized amounts. In the opinion of the Directors, the fair value of the Group's Continuing Involvement in the Derecognized Notes is not significant.

Details of impairment assessment are set out in Note 45.2(d).

30. RESTRICTED DEPOSITS

Restricted deposits are all restricted cash deposits. As at 31 December 2019, the restricted deposits of the Group are interest bearing from 0.30% to 2.25% (2018: 0.30% to 1.75%) per annum.

The restricted cash deposits mainly represent cash deposits held in the "joint control account" under the names of certain subsidiaries of the Group for the co-development of wind power plants with local government. The deposits are operated with the approvals from both parties and will be released upon the completion of power plant construction.

31. CASH AND CASH EQUIVALENTS

	2019 RMB'000	2018 RMB'000
Cash at banks and in hand (note (a))	496,265	396,883
Deposits at SPIC Financial (note (b))	671,095	1,388,656
Deposits at ICBC and ABC (note (c))	70,930	67,505
	1,238,290	1,853,044
Denominated in:		
RMB	1,173,922	1,779,967
United States Dollar ("USD")	4,391	52,506
HK$	59,977	20,571
	1,238,290	1,853,044

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

	2019 RMB'000	2018 RMB'000
Analyzed for reporting purpose as:		
— Cash and cash equivalents (excluding those classified as part of the disposal group classified as held for sale)	1,238,290	1,853,044
— Cash and cash equivalents included as part of the disposal group classified as held for sale (Note 32)	767	2,191
	1,239,057	1,855,235

(a) The Group's cash at banks are interest bearing from 0.30% to 2.03% (2018: 0.30% to 4.30%) per annum.

(b) The Group's deposits at SPIC Financial are interest bearing at 1.38% (2018: 1.38%) per annum.

(c) ICBC and ABC have become the related parties of the Group since the year of 2018 (Note 47). The Group's deposits at ICBC and ABC are interest bearing at 0.30% (2018: 0.30%) per annum.

(d) The Group's cash and cash equivalents denominated in RMB of RMB1,011,215,000 (2018: RMB1,735,471,000) are deposited at banks, SPIC Financial, ICBC and ABC in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

32. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Disposal group classified as held for sale

During the year ended 31 December 2018, Shanxi Shentou Power Generating Company Limited ("Shanxi Shentou"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement to form Sujin Energy, an associate of the Group, in Shanxi Province of the PRC. The Company would use its 80% interest in CP Shentou as part of the capital contribution to Sujin Energy. Accordingly, the assets and liabilities attributable to CP Shentou had been classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as at 31 December 2018.

During the year ended 31 December 2019, the abovementioned capital contribution has not yet completed due to certain events which are beyond the Group's control. As the Group remains committed to the sale of CP Shentou and such transaction is highly probable to complete within one year, the assets and liabilities attributable to CP Shentou continued to be classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position. An impairment loss of RMB85,521,000 is recognized as other losses in the consolidated income statement, being the difference of CP Shentou's fair value less costs to sell and its carrying amount as at 31 December 2019.

In both years ended 31 December 2019 and 2018, the operation of CP Shentou was included in the Group's "Coal-fired electricity" segment for segment reporting.

Major classes of assets and liabilities of CP Shentou as at 31 December 2019 and 2018 are as follows:

	2019 **RMB'000**	2018 RMB'000
Property, plant and equipment	**4,136,331**	3,895,992
Right-of-use assets	**149,730**	–
Prepaid lease payments	**–**	136,095
Equity instruments at FVTOCI — unlisted equity investments in PRC	**17,479**	19,199
Deferred income tax assets	**96,884**	149,921
Accounts receivable (Note 26)	**152,005**	146,009
Prepayments, deposits and other receivables	**33,986**	10,992
Amounts due from related parties (Note 28)	**21,598**	11,077
Debt instruments at FVTOCI (Note 29)	**73,018**	41,533
Cash and cash equivalents	**767**	2,191
Other assets	**30,688**	26,113
Impairment of assets classified as held for sale	**(85,521)**	–
Total assets associated with disposal group classified as held for sale	**4,626,965**	4,439,122

32. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

Disposal group classified as held for sale *(Continued)*

	2019 RMB'000	2018 RMB'000
Deferred income	21,560	22,960
Long-term bank borrowings (Note 35) (note)	1,009,075	1,242,995
Long-term borrowings from SPIC (Note 36(a)) (note)	700,000	900,000
Long-term borrowings from ABC (Note 36(c)) (note)	292,000	294,000
Accounts payables (Note 41)	110,283	94,344
Construction costs payable	79,924	119,026
Other payables and accrued charges	64,804	116,284
Amounts due to related parties (Note 28)	35,580	34,387
Short-term bank borrowings (Note 35)	285,000	285,000
Short-term borrowings from SPIC (Note 36(d))	200,000	–
Short-term borrowings from CPI Holding (Note 36(e))	–	300,000
Short-term borrowings from ABC (Note 36(g))	300,000	300,000
Total liabilities associated with disposal group classified as held for sale	3,098,226	3,708,996

Note: Current portion of long-term bank borrowings, long-term borrowings from SPIC and long-term borrowings from ABC amounted to RMB470,640,000 (2018: RMB257,231,000), RMB100,000,000 (2018: RMB400,000,000) and RMB292,000,000 (2018: Nil) respectively.

33. SHARE CAPITAL

(a) Share capital

	Number of shares	RMB'000
Ordinary shares, issued and fully paid:		
At 31 December 2018 and 2019	9,806,886,321	17,268,192

Note:

The total number of shares of the Company amounted to 9,806,886,321. There are no movements in the number of shares of the Company from 31 December 2017 to 31 December 2019.

(b) Share option scheme

Pursuant to the written resolutions passed by the shareholders of the Company on 24 August 2004, a share option scheme was approved and adopted by the Company.

All the outstanding share options carried forward were lapsed in 2018 and there were no outstanding share options as at 31 December 2018 and 2019.

34. RESERVES

	Merger reserve (note (a)) RMB'000	Capital reserve (note (b)) RMB'000	FVTOCI reserve RMB'000	Statutory reserves (note (c)) RMB'000	Share based compensation reserve RMB'000	Others RMB'000	Other reserves sub-total RMB'000	Retained earnings (note (d)) RMB'000	Total RMB'000
At 1 January 2019	306,548	2,406,069	1,112,876	1,166,584	–	261,988	5,254,065	7,427,661	12,681,726
Profit for the year	–	–	–	–	–	–	–	1,284,381	1,284,381
Fair value gain on equity instruments at FVTOCI	–	–	48,934	–	–	–	48,934	–	48,934
Fair value loss on debt instruments at FVTOCI	–	–	(2,165)	–	–	–	(2,165)	–	(2,165)
Release on derecognition of debt instruments at FVTOCI	–	–	2,877	–	–	–	2,877	–	2,877
Deferred income tax on fair value gain on equity instruments at FVTOCI (Note 23)	–	–	(12,234)	–	–	–	(12,234)	–	(12,234)
Deferred income tax on fair value loss on debt instruments at FVTOCI (Note 23)	–	–	542	–	–	–	542	–	542
Release of deferred income tax on derecognition of debt instruments at FVTOCI (Note 23)	–	–	(719)	–	–	–	(719)	–	(719)
Disposal of interests in subsidiaries without loss of control (note (e))	–	–	–	–	–	127,349	127,349	–	127,349
Others	–	–	–	–	–	(51)	(51)	–	(51)
Transfer to statutory reserves	–	–	–	143,414	–	–	143,414	(143,414)	–
2018 final dividend (Note 12)	–	–	–	–	–	–	–	(1,078,757)	(1,078,757)
At 31 December 2019	306,548	2,406,069	1,150,111	1,309,998	–	389,286	5,562,012	7,489,871	13,051,883
At 31 December 2017	306,548	2,262,848	1,408,395	1,097,568	5,477	265,649	5,346,485	7,187,203	12,533,688
Adjustments	–	–	27,410	–	–	–	27,410	–	27,410
At 1 January 2018 (restated)	306,548	2,262,848	1,435,805	1,097,568	5,477	265,649	5,373,895	7,187,203	12,561,098
Profit for the year	–	–	–	–	–	–	–	1,098,355	1,098,355
Fair value loss on equity instruments at FVTOCI	–	–	(429,427)	–	–	–	(429,427)	–	(429,427)
Fair value loss on debt instruments at FVTOCI	–	–	(2,877)	–	–	–	(2,877)	–	(2,877)
Release on derecognition of debt instruments at FVTOCI	–	–	1,732	–	–	–	1,732	–	1,732
Deferred income tax on fair value loss on equity instruments at FVTOCI (Note 23)	–	–	107,357	–	–	–	107,357	–	107,357
Deferred income tax on fair value loss on debt instruments at FVTOCI (Note 23)	–	–	719	–	–	–	719	–	719
Release of deferred income tax on derecognition of debt instruments at FVTOCI (Note 23)	–	–	(433)	–	–	–	(433)	–	(433)
Transfer to statutory reserves	–	–	–	69,016	–	–	69,016	(69,016)	–
Lapse of share options	–	–	–	–	(5,477)	–	(5,477)	5,477	–
Capital injections from non-controlling shareholders of subsidiaries	–	143,364	–	–	–	–	143,364	–	143,364
Others	–	(143)	–	–	–	(3,661)	(3,804)	–	(3,804)
2017 final dividend (Note 12)	–	–	–	–	–	–	–	(794,358)	(794,358)
At 31 December 2018	306,548	2,406,069	1,112,876	1,166,584	–	261,988	5,254,065	7,427,661	12,681,726

34. RESERVES (CONTINUED)

Notes:

(a) Merger reserve

The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the registered capital of the subsidiaries transferred to the Company pursuant to the reorganization of the Group which took place in 2004.

(b) Capital reserve

Capital reserve represents the difference between the fair value of the net assets injected by the then owner of the relevant companies of the Group and the registered capital of these companies upon their establishment.

(c) Statutory reserves

Statutory reserves are non-distributable and the transfers to these funds are determined by the board of directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

(d) Retained earnings

Accumulated profits retained by the Group, its associates and joint ventures included impairment losses on property, plant and equipment of certain subsidiaries and an associate which have been accounted for in the Group's consolidated income statement in prior years. In the local statutory financial statements of the relevant subsidiaries and associates, these impairment losses have been dealt with in the respective company's capital reserves in accordance with the relevant local accounting rules and regulations. Profit distributions made by these companies were based on the distributable reserves as reported in the statutory financial statements of the respective companies.

(e) Disposal of interests in subsidiaries without loss of control

In April 2019, the company disposed of 40% and 15% of interest in Anhui Huainan Pingwei Electric Power Company Limited ("Pingwei I") and Huainan Pingwei No.2 Electric Power Generating Company Limited ("Pingwei II") at considerations of RMB342,974,000 and RMB188,092,000 respectively to Huainan Mining, which is a related party transaction entered by the Group. As a result, the Group recognized an increase in non-controlling interests of RMB403,717,000 and an increase in equity attributable to equity holders of the Company of RMB127,349,000. The effect of above mentioned changes in the ownership interest of Pingwei I and Pingwei II on the equity attributable to equity holders of the Company during the current year is summarized as follows:

	Pingwei I RMB'000	**Pingwei II RMB'000**	**Total RMB'000**
Consideration received from non-controlling shareholders	**342,974**	**188,092**	**531,066**
Less: Carrying amount of net assets disposed of	**(252,148)**	**(151,569)**	**(403,717)**
	90,826	**36,523**	**127,349**

35. BANK BORROWINGS

Bank borrowings are analyzed as follows:

	2019 RMB'000	2018 RMB'000
Non-current		
Long-term bank borrowings		
— secured (note (d))	10,777,320	11,093,776
— unsecured (note (e))	15,597,216	15,987,732
	26,374,536	27,081,508
Less: Current portion of long-term bank borrowings	(3,827,170)	(2,529,929)
	22,547,366	24,551,579
Current		
Short-term bank borrowings — unsecured	7,505,977	4,027,212
Current portion of long-term bank borrowings	3,827,170	2,529,929
	11,333,147	6,557,141
	33,880,513	31,108,720

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2019 RMB'000	2018 RMB'000
RMB	31,802,815	29,313,775
USD	2,989,555	2,963,500
Japanese Yen ("JPY")	382,218	359,440
	35,174,588	32,636,715

(b) The repayment terms of the long-term bank borrowings are analyzed as follows:

	2019 RMB'000	2018 RMB'000
Within one year	4,297,810	2,787,160
Between one and two years	8,413,066	4,372,332
Between two and five years	6,411,291	12,394,209
Over five years	8,261,444	8,770,802
	27,383,611	28,324,503

35. BANK BORROWINGS (CONTINUED)

Notes: *(Continued)*

(c) The effective interest rates per annum of the Group's bank borrowings are as follows:

	2019	2018
Short-term bank borrowings	4.13%	4.19%
Long-term bank borrowings (including the current portion of long-term bank borrowings)	4.36%	4.46%

As at 31 December 2019 and 2018, the bank borrowings of the Group in fixed and floating rates are as follows:

	2019 RMB'000	2018 RMB'000
Fixed-rate borrowings	10,556,798	9,200,695
Floating-rate borrowings	24,617,790	23,436,020
	35,174,588	32,636,715

(d) As at 31 December 2019 and 2018, the bank borrowings of the Group are secured as follows:

	2019 RMB'000	2018 RMB'000
Secured against the rights on accounts receivable of certain subsidiaries (Note 26(e))	11,122,075	11,501,161

(e) As at 31 December 2019, bank borrowings of RMB353,621,000 (2018: RMB359,440,000) are guaranteed by Hunan Provincial Finance Bureau.

(f) As at 31 December 2019, the Group had available unutilized banking facilities amounting to RMB15,362,832,000 (2018: RMB13,163,837,000).

(g) The fair values of short-term bank borrowings approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term bank borrowings at floating interest rates approximate their carrying amounts.

As at 31 December 2019, the carrying amounts and fair values of long-term bank borrowings at fixed interest rates amount to RMB6,213,863,000 (2018: RMB6,173,352,000) and RMB6,162,393,000 (2018: RMB6,157,232,000) respectively. The fair values are calculated using cash flows discount rates from 1% to 4.7% (2018: 1% to 4.75%) and are within level 3 of the fair value hierarchy.

36. BORROWINGS FROM RELATED PARTIES

	2019 RMB'000	2018 RMB'000
Non-current		
Long-term borrowings from SPIC (note (a))	**5,380,000**	1,930,000
Long-term borrowings from SPIC Financial (note (b))	**3,328,000**	2,013,800
Long-term borrowings from ICBC and ABC (note (c))	**21,615,279**	17,617,419
Long-term borrowing from other related party	**50,000**	–
	30,373,279	21,561,219
Less: Current portion of long-term borrowings from SPIC	**(1,180,000)**	(1,100,000)
Less: Current portion of long-term borrowings from SPIC Financial	**(796,800)**	(20,800)
Less: Current portion of long-term borrowings from ICBC and ABC	**(1,951,735)**	(1,395,509)
	26,444,744	19,044,910
Current		
Short-term borrowings from SPIC (note (d))	**1,100,000**	970,296
Short-term borrowings from CPI Holding (note (e))	**550,000**	1,720,000
Short-term borrowings from SPIC Financial (note (f))	**550,000**	140,000
Short-term borrowings from ICBC and ABC (note (g))	**2,654,794**	970,000
Short-term borrowings from other related parties (note (h))	**509,396**	230,780
Current portion of long-term borrowings from SPIC (note (a))	**1,180,000**	1,100,000
Current portion of long-term borrowings from SPIC Financial (note (b))	**796,800**	20,800
Current portion of long-term borrowings from ICBC and ABC (note (c))	**1,951,735**	1,395,509
	9,292,725	6,547,385
	35,737,469	25,592,295

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) The long-term fixed-rate borrowings from SPIC are unsecured, interest bearing from 2.94% to 5.15% (2018: 2.88% to 5.58%) per annum and are wholly repayable within 5 years.

These borrowings are repayable as follows:

	2019 RMB'000	2018 RMB'000
Within one year	**1,280,000**	1,500,000
Between one and two years	**550,000**	780,000
Between two and five years	**4,250,000**	550,000
	6,080,000	2,830,000

36. BORROWINGS FROM RELATED PARTIES (CONTINUED)

Notes: *(Continued)*

(b) The long-term borrowings from SPIC Financial of RMB7,000,000 (2018: RMB7,800,000) are secured against the rights on accounts receivable of a subsidiary of the Group (Note 26(e)), interest bearing at 4.41% (2018: 4.41%) per annum. The remaining balances are unsecured and interest bearing from 4.28% to 5.23% (2018: 3.92% to 5.50%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	2019 **RMB'000**	2018 RMB'000
Within one year	**796,800**	20,800
Between one and two years	**1,060,800**	746,800
Between two and five years	**802,400**	1,242,400
Over five years	**668,000**	3,800
	3,328,000	2,013,800

As at 31 December 2019 and 2018, the long-term borrowings from SPIC Financial in fixed and floating rates are as follows:

	2019 **RMB'000**	2018 RMB'000
Fixed-rate borrowings	**1,425,000**	910,000
Floating-rate borrowings	**1,903,000**	1,103,800
	3,328,000	2,013,800

(c) Except for RMB7,618,642,000 (2018: RMB5,991,160,000) were secured against the rights on accounts receivable of certain subsidiaries of the Group (Note 26(e)), interest bearing from 4.41% to 4.90% (2018: 4.41% to 4.90%) per annum, RMB216,400,000 (2018: RMB228,000,000) was guaranteed by a non-controlling shareholder of a subsidiary, interest bearing at 4.90% (2018: 5.15%) per annum and RMB196,820,000 (2018: RMB227,820,000) was secured against property, plant and equipment (2018: property, plant and equipment and prepaid lease payments) of certain subsidiaries of the Group (Note 14(d), interest bearing from 4.41% to 4.90% (2018: 4.41% to 4.90%) per annum, the remaining balances were unsecured and interest bearing from 4.28% to 4.90% (2018: 4.28% to 5.15%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	2019 **RMB'000**	2018 RMB'000
Within one year	**2,243,735**	1,395,509
Between one and two years	**2,037,325**	2,200,295
Between two and five years	**5,568,351**	5,858,693
Over five years	**12,057,868**	8,456,922
	21,907,279	17,911,419

36. BORROWINGS FROM RELATED PARTIES (CONTINUED)

Notes: *(Continued)*

(c) *(Continued)*

As at 31 December 2019 and 2018, the long-term borrowings from ICBC and ABC in fixed and floating rates are as follows:

	2019 RMB'000	2018 RMB'000
Fixed-rate borrowings	**70,000**	–
Floating-rate borrowings	**21,837,279**	17,911,419
	21,907,279	17,911,419

(d) The short-term fixed-rate borrowings from SPIC as at 31 December 2019 are unsecured, interest bearing at 2.20% (2018: from 2.94% to 4.45%) per annum and repayable within one year.

(e) The short-term borrowings from CPI Holding as at 31 December 2019 are unsecured, interest bearing at 3.92% (2018: 4.35%) per annum and repayable within one year.

(f) The short-term fixed-rate borrowings from SPIC Financial as at 31 December 2019 are unsecured, interest bearing from 3.92% to 4.34% (2018: at 3.92%) per annum and repayable within one year.

(g) The short-term borrowings from ICBC and ABC as at 31 December 2019 are unsecured, interest bearing from 3.91% to 5.50% (2018: 4.35% to 4.57%) per annum and repayable within one year.

As at 31 December 2019 and 2018, the short-term borrowings from ICBC and ABC in fixed and floating rates are as follows:

	2019 RMB'000	2018 RMB'000
Fixed-rate borrowings	**1,337,968**	1,030,000
Floating-rate borrowings	**1,616,826**	240,000
	2,954,794	1,270,000

(h) The short-term borrowings from other related parties as at 31 December 2019 are unsecured, interest bearing from 4.13% to 4.35% (2018: 4.35% to 4.55%) per annum and repayable within one year.

(i) As at 31 December 2019, the Group had available unutilized facilities from SPIC Financial, ICBC and ABC amounting to RMB17,275,470,000 (2018: RMB17,164,376,000).

(j) The fair values of short-term borrowings from related parties approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term borrowings from related parties at floating interest rates approximate their carrying amounts.

As at 31 December 2019, the carrying amounts and fair values of long-term borrowings from related parties at fixed interest rates amounted to RMB7,625,000,000 (2018: RMB3,640,000,000) and RMB7,067,046,000 (2018: RMB3,650,872,000) respectively. The fair values are calculated using cash flows with discount rates from 4.35% to 4.75% (2018: 4.35% to 4.75%) and are within level 3 of the fair value hierarchy.

37. OTHER BORROWINGS

	2019 RMB'000	2018 RMB'000
Non-current		
Corporate bonds issued by the Company (note (a))	4,000,000	2,000,000
Current		
Corporate bonds issued by a subsidiary (note (b))	–	999,959
Corporate bonds issued by the Company (note (c))	500,000	–
Short-term other borrowing from a third party (note (d))	28,000	25,000
	528,000	1,024,959
	4,528,000	3,024,959

Notes:

(a) The balance represents two unsecured RMB denominated medium-term notes, each of RMB2,000,000,000 issued by the Company in October 2018 and September 2019 respectively, for a term of three years each, which is interest bearing at 4.15% and 3.55% per annum respectively.

As at 31 December 2019, the fair value of the medium-term note amounted to RMB4,067,258,000 (2018: RMB2,029,066,000), which was the quoted prices in active markets for identical liabilities and was within level 2 of fair value hierarchy.

As at 31 December 2019, the Company had available unutilized medium-term note facilities, amounting to RMB2,000,000,000 (2018: Nil).

(b) The balance as at 31 December 2018 represented certain long-term corporate bonds issued by Wu Ling Power Corporation ("Wu Ling Power"), a subsidiary of the Group, for a term of 10 years from April 2009 which were interest bearing at 4.60% per annum and were guaranteed by SPIC. These bonds were fully repaid during the current year.

(c) The balance represents the unsecured RMB denominated short-term note of RMB500,000,000 issued by the Company in September 2019 for a term of 270 days which is interest bearing at 2.80% per annum.

As at 31 December 2019, the Company had available unutilized short-term note facilities, amounting to RMB500,000,000 (2018: Nil).

(d) The balance is unsecured and is interest bearing from 3.92% to 4.35% (2018: at 4.35%) per annum. The fair value of the short-term other borrowing from a third party approximates its carrying amount as the impact of discounting is not significant.

38. LEASE LIABILITIES

	2019 RMB'000
Lease liabilities payable:	
Within one year	681,477
Between one and two years	1,013,890
Between two and five years	1,268,913
Over five years	1,458,006
	4,422,286
Less: Amounts payable within 12 months shown under current liabilities	(681,477)
Amounts payable after 12 months shown under non-current liabilities	3,740,809

The balance as at 31 December 2019 includes certain lease agreements entered into with related parties, namely CPI Ronghe Financial Leasing Co., Ltd. ("CPI Ronghe") and China Kangfu International Leasing Co., Ltd. ("Kangfu") for the use of property, plant and equipment for 1 to 16 years, of which amounted to RMB1,386,688,000 are secured against the rights on accounts receivable of certain subsidiaries (Note 26(e)), interest ranged from 4.51% to 8% per annum and the interest rates of the remaining are ranged from 4.41% to 8% per annum. Except for short-term leases and low value leases in which the Group applied recognition exemption, the Group has recognized additions of right-of-use assets and lease liabilities of RMB1,799,709,000 and RMB1,697,336,000 respectively.

39. OBLIGATIONS UNDER FINANCE LEASES

	2018 RMB'000
Obligations under finance leases	5,192,002
Less: Current portion of obligations under finance leases	(1,205,997)
Non-current portion of obligations under finance leases	3,986,005

	Minimum lease payments 2018 RMB'000	Present value of minimum lease payments 2018 RMB'000
Within one year	1,450,100	1,205,997
Between one and two years	864,153	631,650
Between two and five years	1,224,460	1,041,468
Over five years	2,772,520	2,312,887
	6,311,233	5,192,002
Future finance charges on obligations under finance leases	(1,119,231)	–
Present value of obligations under finance leases	5,192,002	5,192,002

39. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

Notes:

(a) During the year ended 31 December 2018, the amount of additions to finance lease agreements in aggregate was RMB4,882,610,000, of which RMB2,401,312,000 resulted from acquisitions of subsidiaries and the remaining was from new finance lease agreements and drawn down of previous agreements. The period of these finance lease additions for property, plant and equipment ranged from 9 months to 11 years and the Group had an option to purchase these facilities at a nominal price of RMB1 at the end of the leasing period.

(b) The balance as at 31 December 2018 included certain finance lease agreements entered into with related parties, namely CPI Ronghe and Kangfu to acquire property, plant and equipment, of which RMB2,252,301,000 were secured against the rights on accounts receivable of certain subsidiaries (Note 26(e)) , interest ranged from 4.51% to 8% per annum and the interest rates of the remaining were ranged from 4.41% to 8% per annum.

(c) Underlying interest rates of all obligations under finance leases with independent leasing companies were fixed at respective contract dates ranged from 4.19% to 5.82% per annum. All of the leases with independent leasing companies and related party had no terms of renewal or escalation clauses.

(d) As at 31 December 2018, the Group had available unutilized facilities from finance leases amounting to RMB4,000,000,000.

40. PROVISIONS FOR OTHER LONG-TERM LIABILITIES

Provisions for other long-term liabilities represent provisions for Inundation Compensation caused by the construction of certain hydropower plants of the Group, namely the Baishi Power Plant, Tuokou Power Plant and Changzhou Hydropower Plant in accordance with the rules and regulations of Inundation Compensation.

The provisions are measured at the present value of the expenditures expected to be required to settle the compensations, based on the latest rules and regulations as set out by the relevant local government authorities in the PRC, compensation per unit of area, growth rate of compensation, the expected useful lives of these hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provisions due to the passage of time had been recognized as interest expense.

Analysis of the provisions for Inundation Compensation as at 31 December 2019 and 2018 is as follows:

	2019 **RMB'000**	2018 RMB'000
Non-current liabilities	**1,074,477**	1,054,538
Current liabilities (included in other payables and accrued charges) (Note 42)	**99,309**	87,363
	1,173,786	1,141,901

The movements of the provisions for Inundation Compensation for the years ended 31 December 2019 and 2018 are as follows:

	2019 **RMB'000**	2018 RMB'000
At 1 January	**1,141,901**	1,048,325
Acquired on acquisition of a subsidiary	**–**	230,286
Recognition during the year (Note 14(h))	**53,726**	10,978
Interest expense (Note 9)	**91,809**	86,110
Payment	**(113,650)**	(233,798)
At 31 December	**1,173,786**	1,141,901

41. ACCOUNTS AND BILLS PAYABLES

	2019 RMB'000	2018 RMB'000
Accounts payable (note (a))	710,675	666,699
Bills payable (note (b))	163,401	109,878
	874,076	776,577

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable presented based on invoice date is as follows:

	2019 RMB'000	2018 RMB'000
1 to 6 months	763,627	708,304
7 to 12 months	1,544	4,265
Over 1 year	55,787	48,474
	820,958	761,043

(b) As at 31 December 2019, bills payable are bills of exchange with maturity period ranged from 3 to 12 months (2018: ranged from 3 to 12 months).

(c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

42. OTHER PAYABLES AND ACCRUED CHARGES

	2019 RMB'000	2018 RMB'000
Salaries and staff welfare payable	158,707	160,796
VAT payable	170,395	150,991
Other taxes payable	268,921	272,727
Repairs and maintenance expense payable	48,990	28,650
Insurance expense payable	10,202	3,956
Reservoir maintenance and usage fees payables	16,118	19,638
Interest payable	254,382	137,545
Current portion of provisions for other long-term liabilities (Note 40)	99,309	87,363
Consideration payables for acquisitions of subsidiaries (Note 46)	143,718	–
Dividend payable to non-controlling shareholders of subsidiaries	5,625	–
Other payables and accrued operating expenses	501,825	340,452
	1,678,192	1,202,118

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to cash generated from operations

The figures includes those classified as part of the disposal group classified as held for sale.

	2019 RMB'000	2018 RMB'000
Profit before taxation	**2,714,163**	2,069,948
Share of results of associates	**(224,704)**	(114,461)
Share of results of joint ventures	**(25,475)**	6,446
Finance income	**(148,526)**	(125,846)
Finance costs	**3,165,881**	2,578,254
Dividend income	**(124,745)**	(77,108)
Depreciation of property, plant and equipment	**4,472,192**	3,906,575
Depreciation of right-of-use assets	**345,640**	–
Impairment of inventories	**–**	10,367
Impairment of other receivables	**29,106**	34,585
Impairment of property, plant and equipment	**426,399**	–
Impairment of assets classified as held for sale	**166,441**	–
Impairment of amount due from a joint venture	**261,300**	–
Amortization of prepaid lease payments	**–**	20,109
Amortization of other intangible assets	**50,884**	3,086
Amortization of deferred income	**(5,977)**	(7,527)
Loss/(gain) on disposal of property, plant and equipment and prepaid lease payments, net	**72,168**	(101,077)
Gain on disposal of a subsidiary	**(51)**	(32,298)
Gain on bargain purchase	**(24,305)**	–
Loss on deemed disposal of partial interest in an associate	**–**	17,181
Operating cash flows before working capital changes	**11,150,391**	8,188,234
Decrease/(increase) in inventories	**13,578**	(263,182)
Increase in accounts receivable	**(3,584,886)**	(771,804)
Decrease/(increase) in prepayments, deposits and other receivables	**214,090**	(661,922)
Decrease in amounts due from related parties	**58,407**	442,959
Decrease/(increase) in debt instruments at FVTOCI	**94,372**	(124,762)
Increase in accounts and bills payables	**935,099**	141,742
Increase/(decrease) in other payables and accrued charges	**108,330**	(1,001,117)
(Decrease)/increase in amounts due to related parties	**(157,005)**	66,965
Increase in deferred income	**80**	4,650
Cash generated from operations	**8,832,456**	6,021,763

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in financing during the year

The figures includes those classified as part of the disposal group classified as held for sale.

	Bank borrowings and other borrowings RMB'000	Borrowings from related parties RMB'000	Leases liabilities RMB'000	Non-controlling interests RMB'000
At 31 December 2018 (restated)	35,661,674	27,386,295	5,192,002	12,899,114
Adjustments upon application of HKFRS 16 (Note 2.1(a))	–	–	420,635	–
At 1 January 2019	35,661,674	27,386,295	5,612,637	12,899,114
Drawdown of bank borrowings	18,845,076	–	–	–
Repayment of bank borrowings	(16,366,591)	–	–	–
Drawdown of other borrowings	2,503,000	–	–	–
Repayment of other borrowings	(1,000,000)	–	–	–
Interest element for corporate bonds	41	–	–	–
Drawdown of borrowings from related parties	–	30,267,255	–	–
Repayment of borrowings from related parties	–	(20,916,656)	–	–
Payments for lease liabilities	–	–	(3,178,842)	–
Interest expense on lease liabilities (Note 9)	–	–	291,155	–
New finance leases (note (c)(ii))	–	–	882,255	–
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	966,650
Acquisitions of subsidiaries (Note 46)	–	492,575	815,081	146,840
Profit for the year attributable to non-controlling interests	–	–	–	916,769
Dividends recognized as distributions to non-controlling shareholders of subsidiaries	–	–	–	(529,583)
Fair value loss on financial instruments at FVTOCI attributable to non-controlling interests	–	–	–	21,933
Disposal of interests in subsidiaries without loss of control	–	–	–	403,717
Others	–	–	–	(12,306)
Exchange loss, net	59,388	–	–	–
At 31 December 2019	39,702,588	37,229,469	4,422,286	14,813,134

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in financing during the year *(Continued)*

	Bank borrowings and other borrowings RMB'000	Borrowings from related parties RMB'000	Obligations under finance leases RMB'000	Non-controlling interests RMB'000 (restated)
At 1 January 2018	41,630,950	8,892,906	1,116,174	7,392,579
Drawdown of bank borrowings	21,380,420	–	–	–
Repayment of bank borrowings	(20,182,820)	–	–	–
Drawdown of other borrowings	2,825,000	–	–	–
Repayment of other borrowings	(800,000)	–	–	–
Interest element for corporate bonds	415	–	–	–
Drawdown of borrowings from related parties	–	18,159,284	–	–
Repayment of borrowings from related parties	–	(17,744,518)	–	–
Payments for obligations under finance leases	–	–	(916,388)	–
Interest expense on obligations under finance leases (Note 9)	–	–	109,606	–
New finance leases	–	–	2,281,298	–
Drawdown of obligations under finance leases	–	–	200,000	–
Reclassification of borrowings from ICBC and ABC from bank borrowings to borrowings from related parties	(16,457,543)	16,457,543	–	–
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	4,876,629
Acquisitions of subsidiaries (Note 46) (restated)	7,127,288	1,621,080	2,401,312	385,051
Profit for the year attributable to non-controlling interests	–	–	–	538,830
Dividends recognized as distributions to non-controlling shareholders of subsidiaries	–	–	–	(283,867)
Fair value loss on financial instruments at FVTOCI attributable to non-controlling interests	–	–	–	(6,054)
Others	–	–	–	(4,054)
Exchange loss, net	137,964	–	–	–
At 31 December 2018	35,661,674	27,386,295	5,192,002	12,899,114

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Major non-cash transactions

The figures includes those classified as part of the disposal group classified as held for sale.

(i) For the year ended 31 December 2019, accounts payable and amounts due to related parties of RMB821,661,000 (2018: RMB386,699,000) and RMB347,917,000 (2018: RMB414,226,000) (Note 29) respectively have been settled through endorsement of notes receivables

(ii) During the year ended 31 December 2019, the Group entered into new lease agreements for the use of power generator equipment, leasehold land and buildings from 2 to 20 years. Upon the lease commencement, the Group recognized RMB882,255,000 of right-of-use assets and RMB882,255,000 of lease liabilities. In addition, the Group acquired RMB544,635,000 of right-of-use assets and RMB815,081,000 of lease liabilities through acquisitions of subsidiaries (Note 46).

44. COMMITMENTS

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) Capital commitments

	2019 **RMB'000**	2018 RMB'000
Contracted but not provided for in respect of		
— property, plant and equipment	**21,300,790**	18,350,312
— proposed acquisition of subsidiaries	**–**	1,925,436
— capital contribution to associates	**971,653**	899,472
	22,272,443	21,175,220

(b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancellable operating leases as at 31 December 2018 were as follows:

	2018 RMB'000
Land and buildings	
— Within one year	56,313
— Between one and five years	174,106
— Over five years	387,115
	617,534

45. FINANCIAL INSTRUMENTS

45.1 Categories of financial instruments

	2019 RMB'000	2018 RMB'000
Financial assets		
Equity investment at FVTOCI	**3,380,287**	3,102,373
Financial assets at amortised cost	**10,499,538**	8,840,678
Debt instruments at FVTOCI	**185,436**	278,832
	14,065,261	12,221,883
Financial liabilities		
Amortised cost	**87,126,184**	73,424,411

45.2 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The analysis below includes those classified as part of the disposal group classified as held for sale, unless otherwise stated.

(a) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to JPY, HK$ and USD.

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk. Other than certain bank borrowings and certain cash and cash equivalents, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB.

As at 31 December 2019, the Group was exposed to foreign exchange risk primarily with respect to certain bank borrowings which were denominated in USD and JPY and certain cash and cash equivalents which were denominated in USD and HK$, details of which have been disclosed in Notes 35 and 31 respectively.

The Group manages its foreign currency risk by closely monitoring the movements in the foreign currency rates.

RMB experienced certain depreciation against USD, JPY and HK$ during the year which is the major reason for the exchange losses recognized by the Group for the year. Further exchange rate fluctuation of USD, JPY and HK$ against RMB will affect the Group's financial position and results of operations.

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Financial risk management objectives and policies *(Continued)*

(a) Foreign exchange risk *(Continued)*

As at 31 December 2019, if RMB had weakened/strengthened by 5% (2018: 5%) against JPY, with all other variables held constant, the Group's post-tax profit for the year would have been RMB14,333,000 lower/higher (2018: RMB13,479,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of JPY denominated borrowings.

As at 31 December 2019, if RMB had weakened/strengthened by 5% (2018: 5%) against USD, with all other variables held constant, post-tax profit for the year would have been RMB149,258,000 lower/higher (2018: RMB144,094,000 lower/higher), mainly as a result of net foreign exchange losses/gains on translation of USD denominated borrowings and bank deposits.

As at 31 December 2019, if RMB had weakened/strengthened by 5% (2018: 5%) against HK$, with all other variables held constant, post-tax profit for the year would have been RMB2,912,000 higher/lower (2018: RMB944,000 higher/lower), mainly as a result of foreign exchange gains/losses on translation of HK$ denominated bank deposits.

In the Group management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(b) Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing assets mainly include amounts due from an associate and a joint venture, cash at banks and deposits at SPIC Financial, ICBC and ABC, details of which have been disclosed in Notes 28 and 31. The Group's exposure to changes in interest rates is mainly attributable to its borrowings and lease liabilities, details of which have been disclosed in Notes 35 to 39. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Group to fair value interest rate risk, details of which have been disclosed in Notes 35 to 39. The Group has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China interest rate arising from the Group's RMB denominated floating-rate bank borrowings.

As at 31 December 2019, if the interest rates on bank borrowings and borrowings from related parties had been 50 basis points (2018: 50 basis points) higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year (net of interest capitalized) would have been RMB223,580,000 lower/higher (2018: RMB165,906,000 lower/higher) mainly as a result of higher/lower interest expense on floating-rate bank borrowings and borrowings from related parties.

As at 31 December 2019, if the interest rates on cash at banks and deposits at SPIC Financial, ICBC and ABC had been 50 basis points (2018: 50 basis points) higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year (net of interest capitalized) would have been RMB4,655,000 higher/lower (2018: RMB6,957,000 higher/lower) mainly as a result of higher/lower interest income on floating rate cash at banks and deposits at SPIC Financial, ICBC and ABC.

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Financial risk management objectives and policies *(Continued)*

(b) Interest rate risks *(Continued)*

Total interest income from financial assets that are measured at amortized cost is as follows:

	2019 RMB'000	2018 RMB'000
Interest income:		
— Restricted deposits	189	108
— Cash and cash equivalents	15,337	88,108
— Amounts due from related parties	36,247	9,656
— Discounting effect on clean energy power price premium receivable	96,753	27,974
Total interest income	148,526	125,846

Interest expense on financial liabilities not measured at FVTPL:

	2019 RMB'000	2018 RMB'000
Interest expense on financial liabilities at amortized cost	3,100,764	2,423,706

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group which are classified as equity instruments at FVTOCI. Most of the Group's equity instruments at FVTOCI are publicly traded. However, the Group does not trade these investments as such investments are held for strategic rather than trading purpose. The stock market is relatively more volatile in recent years. As at 31 December 2019, if the quoted market price of the listed equity investments held by the Group had increased/decreased by 10 % to 30% (2018: 10% to 30%), with all other variables held constant, the results of the Group would have been unaffected as these investments are classified as equity instruments at FVTOCI; and equity would have been RMB219,338,000 to RMB658,013,000 (2018: RMB220,700,000 to RMB662,100,000) higher/lower, mainly as a result of the changes in fair value of equity instruments at FVTOCI.

In addition, the Group also invested in certain unquoted equity securities for investees operating in financial services, coal production, water supply and electricity trading services industry sectors for long term strategic purposes which had been designated as at FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The Group is also exposed to commodity price risk mainly in relation to the coal price. The Group manages such risk by entering into certain bulk purchase agreements with coal suppliers.

(d) Credit risk and impairment test

The Group's credit risk primarily arises from accounts receivable (Note 26), deposits and other receivables (Note 27), amounts due from related parties (Note 28), debt instruments at FVTOCI (Note 29), restricted deposits (Note 30), cash and cash equivalents (Note 31). The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk and impairment test *(Continued)*

Accounts receivable arising from contracts with customers

The Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Group's sales of electricity were made to regional and provincial power grid companies. The Group normally grants credit terms ranged from 15 to 90 days to these power grid companies except for clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement. The Group only accepts bills issued or guaranteed by reputable PRC banks if accounts receivable are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant. The Group normally does not require collaterals from trade debtors. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on accounts receivable individually. Aging analysis of the Group's accounts receivable is disclosed in Note 26 and management does not expect any losses from non-performance by these counterparties.

Deposits, other receivables and amounts due from related parties

The counterparties of the Group's deposits, other receivables and amounts due from related parties are mainly large state-owned enterprises with good credit and subsidiaries of SPIC. Under ECL model upon application of HKFRS 9, management makes periodic collective assessment as well as individual assessment on the recoverability of all loans and receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of loans and receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

Restricted deposits and cash and cash equivalents

Substantially all of the Group's cash and deposits are held in major financial institutions and are at SPIC Financial, which management believes are of high credit quality. Therefore, the Group performs impairment assessment under 12m ECL model upon application of HKFRS 9 on restricted deposits and cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties.

Debt instruments at FVTOCI

The Group's debt instruments at FVTOCI are certain notes receivable which were considered as within the hold to collect contractual cash flows and to sell business model. The notes which has been classified into debt instruments at FVTOCI are issued by major financial institutions with high credit quality and therefore are considered to be low credit risk investments. Therefore, the Group performs impairment assessment under 12m ECL model upon application of HKFRS 9 on debt instruments at FVTOCI on individual basis. For the year ended 31 December 2019, no ECL on debt instruments at FVTOCI has been recognized.

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk and impairment test *(Continued)*

Debt instruments at FVTOCI (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, including accounts receivable, deposits and other receivables, amounts due from related parties, debt instruments at FVTOCI, restricted deposits and cash and cash equivalents, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2019 RMB'000	2018 RMB'000
Debt instruments at FVTOCI	29 and 32	A1	Note (i)	12m ECL	**185,436**	278,832
Financial assets at amortized cost:						
Amounts due from related parties	24, 28 and 32	N/A	Note (ii)	12m ECL	**628,155**	1,173,012
				Lifetime ECL (credit impaired)	**261,300**	–
Restricted deposits	30	A1	Note (i)	12m ECL	**39,050**	23,692
Cash and cash equivalents	31 and 32	A1	Note (i)	12m ECL	**1,239,057**	1,855,235
Deposits and other receivables	27	N/A	Note (iii)	12m ECL	**1,031,738**	821,080
				Lifetime ECL (credit impaired)	**39,679**	39,679
Accounts receivable	26 and 32	A1	Note (iv)	Lifetime ECL (not credit impaired)	**7,561,538**	4,967,659

Notes:

(i) Debt instruments at FVTOCI, restricted deposits and cash and cash equivalents:

At the end of the reporting period, the Directors have performed impairment assessment under 12m ECL model for debt instruments at FVTOCI, restricted deposit and cash and cash equivalents, and concluded that there has been no significant increase in credit risk since initial recognition. Since the counterparties are in major financial institutions with high credit ratings assigned by international credit-rating agencies, the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided for these financial assets.

(ii) Amounts due from related parties:

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due RMB'000	Not past due/No fixed repayment terms RMB'000	Total RMB'000
2019	**–**	**889,455**	**889,455**
2018	–	1,173,012	1,173,012

For the year ended 31 December 2019, a loss allowance for the amount due from a joint venture of RMB261,300,000 has been fully recognised due to cessation of operation of the joint venture.

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk and impairment test *(Continued)*

Debt instruments at FVTOCI (Continued)

Notes: *(Continued)*

(iii) Deposits and other receivables:

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Deposits and other receivables
A	The counterparties can honor the terms of the contracts. There is no reason to doubt their ability to fulfill the payment on a timely basis.	12m ECL
B	The counterparties frequently repay after due dates but usually settle after due date.	12m ECL
C	The counterparties cannot repay in full and there has been a significant increase in credit risk since initial recognition.	Lifetime ECL — not credit-impaired
D	There is evidence indicating the asset is credit-impaired.	Lifetime ECL — credit-impaired

	Past due RMB'000	Not past due/No fixed repayment terms RMB'000	Total RMB'000
2019	**183,643**	**887,774**	**1,071,417**
2018	78,524	782,235	860,759

For the year ended 31 December 2019, the Group provided RMB29,106,000 impairment allowance based on the provision matrix for other receivables arising from revenue and incomes other than sales of electricity. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk and impairment test *(Continued)*

Debt instruments at FVTOCI (Continued)

Notes: *(Continued)*

(iii) Deposits and other receivables: *(Continued)*

Provisional matrix-internal credit rating

Internal credit rating	2019 Average loss rate	2019 Deposits and other receivables RMB'000	2018 Average loss rate	2018 Deposits and other receivables RMB'000
A	–	594,561	–	466,894
B	14.57%	437,177	9.76%	354,186
D	100.00%	39,679	100.00%	39,679
		1,071,417		860,759

The following table shows reconciliation of loss allowances that has been recognized for other receivables:

	12m ECL RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2018	–	39,679	39,679
Changes due to financial instruments recognized as at 1 January			
— Impairment losses recognized	34,585	–	34,585
At 31 December 2018	34,585	39,679	74,264
Changes due to financial instruments recognized			
— Impairment losses recognized	29,106	–	29,106
At 31 December 2019	63,691	39,679	103,370

Changes in the loss allowance for other receivables are mainly due to impairment losses recognized under 12m ECL.

(iv) Accounts receivable:

As a majority of the Group's sales of electricity were made to regional and provincial power grid companies, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL individually for accounts receivable. At the end of the reporting period, the Directors have performed impairment assessment for accounts receivable based on external credit rating and corresponding default rate issued by international credit-rating agencies, and concluded that the credit losses of the accounts receivable as at 31 December 2019 was insignificant and therefore no allowance is provided for accounts receivable.

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Financial risk management objectives and policies *(Continued)*

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities.

The Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources, borrowings from related parties, and short-term and long-term bank and other borrowings.

As at 31 December 2019, the net current liabilities of the Group amounted to RMB22,556,147,000. Management monitors regularly the Group's current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of facilities to meet its working capital requirements. As at 31 December 2019, the Group had available unutilized facilities in writing from banks and from related parties amounted to approximately RMB19,935,502,000 as well as other bank committed facilities amounted to approximately RMB15,202,800,000, totalling approximately RMB35,138,302,000 as disclosed in Notes 35(f), 36(i), 37(a) and 37(c) respectively, and will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows by maturity and its carrying amounts. (The table below excludes those classified as part of the disposal group classified as held for sale.)

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000	Total contractual undiscounted cash outflows RMB'000	Total carrying amount RMB'000
At 31 December 2019						
Payables and accrued charges	**8,230,154**	**–**	**–**	**–**	**8,230,154**	**8,230,154**
Amounts due to related parties	**1,682,683**	**–**	**–**	**–**	**1,682,683**	**1,680,820**
Bank borrowings	**12,430,418**	**9,202,573**	**8,193,912**	**13,154,895**	**42,981,798**	**33,880,513**
Borrowings from related parties	**10,455,430**	**4,314,355**	**13,384,860**	**17,199,599**	**45,354,244**	**35,737,469**
Other borrowings	**611,807**	**2,065,718**	**2,000,000**	**–**	**4,677,525**	**4,528,000**
Leases liabilities	**689,844**	**1,033,730**	**1,312,646**	**2,202,645**	**5,238,865**	**4,422,286**
At 31 December 2018						
Payables and accrued charges	7,532,063	–	–	–	7,532,063	7,532,063
Amounts due to related parties	2,537,127	–	–	–	2,537,127	2,535,264
Bank borrowings	7,817,907	5,009,738	14,303,076	13,844,294	40,975,015	31,108,720
Borrowings from related parties	7,569,324	4,228,841	9,284,342	12,897,311	33,979,818	25,592,295
Other borrowings	1,123,129	83,000	2,065,718	–	3,271,847	3,024,959
Obligations under finance leases	1,450,100	864,153	1,224,460	2,772,520	6,311,233	5,192,002

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, and sell assets to reduce debt or to obtain bank and other borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including current and non-current borrowings as well as lease liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "Total equity", as shown in the consolidated statement of financial position, plus net debt.

The table below analyses the Group's capital structure (the figures includes those classified as part of the disposal group classified as held for sale).

	2019 **RMB'000**	2018 RMB'000
Bank borrowings (Note 35)	**35,174,588**	32,636,715
Borrowings from related parties (Note 36)	**37,229,469**	27,386,295
Other borrowings (Note 37)	**4,528,000**	3,024,959
Leases liabilities/obligations under finance leases (Notes 38 and 39)	**4,422,286**	5,192,002
Less: Cash and cash equivalents (Note 31)	**(1,239,057)**	(1,855,235)
Net debt	**80,115,286**	66,384,736
Total equity	**45,133,209**	42,851,162
Total capital	**125,248,495**	109,235,898
Gearing ratio	**64%**	61%

45.4 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into 3 levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.4 Fair value estimation *(Continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the year. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investments classified as equity instruments at FVTOCI.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The figures includes those classified as part of the disposal group classified as held for sale.

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

Financial assets	Fair value 2019 RMB'000	Fair value 2018 RMB'000	Fair value hierarchy	Valuation technique and key inputs
Equity instruments at FVTOCI — Shanghai Power	**2,924,502**	2,942,667	Level 1	Quoted market prices at the end of reporting period (current bid price).
Equity instruments at FVTOCI — Unlisted equity investments in the PRC	**455,785**	159,706	Level 3	Market approach — Fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs are market value of the equity interest, price-to-book ratio of comparable companies and the marketability discount is 27.32%.
Debt instruments at FVTOCI	**185,436**	278,832	Level 3	Discounted cash flow at a comparable discount rate of 4.35%.

(b) Reconciliation of level 3 fair value measurements – Financial assets at FVTOCI:

	2019 RMB'000	2018 RMB'000
At 1 January	**438,538**	391,193
Acquired on acquisitions of subsidiaries	**–**	5,000
Additions	**1,869,520**	1,289,864
Derecognition (Note 29)	**(1,763,892)**	(1,165,102)
Total gains/(losses) in other comprehensive income/(expenses)	**97,055**	(82,417)
At 31 December	**641,221**	438,538

Included in other comprehensive income (2018: other comprehensive expenses) is an amount of RMB97,055,000 gain (2018: RMB82,417,000 loss) relating to equity instruments at FVTOCI — unlisted equity investments in the PRC and debt instruments at FVTOCI held at the end of the current reporting period and is reported as changes of FVTOCI reserve.

46. ACQUISITIONS OF SUBSIDIARIES

(a) Jiangling GCL, Xin'an GCL and Ruzhou GCL

During the year ended 31 December 2019, Wu Ling Power entered into the purchase agreements with Henan GCL New Energy Investment Company Limited and Suzhou GCL New Energy Investment Co., Ltd. to acquire 55% equity interest of Jiangling County GCL Photovoltaic Power Co., Ltd. ("Jiangling GCL"), Xin'an GCL Photovoltaic Power Co., Ltd. ("Xin'an GCL") and Ruzhou GCL Photovoltaic Power Co., Ltd. ("Ruzhou GCL") respectively.

Wu Ling Power obtained control over Jiangling GCL, Xin'an GCL and Ruzhou GCL (collectively referred to as the "GCL Companies") in April 2019 and such acquisitions have been accounted for using the acquisition method.

Consideration transferred

	Jiangling GCL RMB'000	Xin'an GCL RMB'000	Ruzhou GCL RMB'000	Total RMB'000
Cash	124,440	27,520	94,342	246,302
Consideration payable, which has been accounted for as other payables and accrued charges as at 31 December 2019	21,961	79,163	16,648	117,772
	146,401	106,683	110,990	364,074

Acquisition-related costs of RMB10,051,000 have been excluded from the cost of acquisition and have been recognized directly as "other operating expenses" in the consolidated income statement for the year ended 31 December 2019.

Assets and liabilities recognized at the date of acquisition

	Jiangling GCL RMB'000	Xin'an GCL RMB'000	Ruzhou GCL RMB'000	Total RMB'000
Current assets				
Cash and cash equivalents	35,287	4,753	4,887	44,927
Accounts receivable	2,931	5,044	4,286	12,261
Prepayments, deposits and other receivables	13,730	44,663	36,455	94,848
Amounts due from related parties	–	25,200	–	25,200
Non-current assets				
Property, plant and equipment	358,398	63,692	108,164	530,254
Right-of-use assets	40,189	309,213	179,014	528,416
Other intangible assets	64,000	–	66,000	130,000
Deferred income tax assets	40,389	39,421	39,763	119,573
Other non-current assets	131,925	45,424	95,403	272,752
Current liabilities				
Construction costs payable	(7,911)	(37,308)	(8,879)	(54,098)
Other payables and accrued charges	(41,011)	(2,904)	(99,887)	(143,802)
Amounts due to related parties	–	–	(25,200)	(25,200)
Borrowings from a related party	(21,325)	–	–	(21,325)
Lease liabilities	–	(26,995)	(54,845)	(81,840)
Tax payable	–	(1,611)	(142)	(1,753)
Non-current liabilities				
Borrowings from a related party	(471,250)	–	–	(471,250)
Lease liabilities	(40,189)	(404,616)	(281,264)	(726,069)
	105,163	63,976	63,755	232,894

46. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Jiangling GCL, Xin'an GCL and Ruzhou GCL *(Continued)*

Non-controlling interests

The non-controlling interests (45%) in GCL Companies recognized at the acquisition date was measured by reference to the proportionate share of recognized amounts of net assets of GCL Companies and amounted to RMB104,803,000.

Goodwill arising on acquisition

	Jiangling GCL RMB'000	Xin'an GCL RMB'000	Ruzhou GCL RMB'000	Total RMB'000
Consideration transferred	146,401	106,683	110,990	364,074
Plus: non-controlling interests	47,323	28,790	28,690	104,803
Less: recognized amount of identifiable net assets acquired (100%)	(105,163)	(63,976)	(63,755)	(232,894)
Goodwill arising on acquisitions	88,561	71,497	75,925	235,983

Goodwill arose in the acquisitions of Jiangling GCL, Xin'an GCL and Ruzhou GCL are in relation to the benefits of expected synergies, revenue growth, future market development and assembled workforce of Jiangling GCL, Xin'an GCL and Ruzhou GCL. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.

Net cash outflows arising on acquisition

	Jiangling GCL RMB'000	Xin'an GCL RMB'000	Ruzhou GCL RMB'000	Total RMB'000
Consideration paid in cash	124,440	27,520	94,342	246,302
Less: cash and cash equivalents acquired	(35,287)	(4,753)	(4,887)	(44,927)
	89,153	22,767	89,455	201,375

Impact of acquisition on the results of the Group

Included in the profit for the year are profits of RMB26,458,000, RMB16,668,000 and RMB19,503,000 attributable to Jiangling GCL, Xin'an GCL and Ruzhou GCL respectively. Revenue for the year included RMB69,075,000, RMB54,256,000 and RMB59,098,000 that are attributable to Jiangling GCL, Xin'an GCL and Ruzhou GCL respectively.

46. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Jiangling GCL, Xin'an GCL and Ruzhou GCL *(Continued)*

Impact of acquisition on the results of the Group *(Continued)*

As at 31 March 2019, the acquisitions of the GCL Companies were completed and the Group commenced to account for the business combination from the effective date when the Group gained control over these companies. As at 31 December 2019, the initial accounting for the acquisition of the GCL Companies was completed and adjustments to the provisional values of identifiable assets and liabilities of GCL Companies were recognized accordingly as below:

	Jiangling GCL		Xin'an GCL		Ruzhou GCL	
	After adjustment RMB'000	Provisional basis RMB'000	After adjustment RMB'000	Provisional basis RMB'000	After adjustment RMB'000	Provisional basis RMB'000
Property, plant and equipment	358,398	570,065	63,692	53,685	108,164	100,086
Right-of-use assets	40,189	–	309,213	430,212	179,014	380,634
Other intangible assets	64,000	–	–	–	66,000	–
Non-controlling interests	47,323	97,161	28,790	77,590	28,690	77,915
	509,910	667,226	401,695	561,487	381,868	558,635

(b) Daqing Meiyangda

During the year ended 31 December 2019, China Power (Shenyang) Energy Investment Company Limited, a wholly-owned subsidiary of the Company, acquired 100% equity interest in Daqing Meiyangda New Energy Technology Development Company Limited ("Daqing Meiyangda") at a consideration of RMB16,471,000. This acquisition has been accounted for using the acquisition method.

Consideration transferred

	RMB'000
Cash	16,471
Consideration payable, which has been accounted for as other payables and accrued charges as at 31 December 2019	–
	16,471

Acquisition-related costs of RMB35,000 have been excluded from the cost of acquisition and have been recognized directly as "other operating expenses" in the consolidated income statement for the year ended 31 December 2019.

46. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Daqing Meiyangda *(Continued)*

Assets and liabilities recognized at the date of acquisition

	RMB'000
Current assets	
Cash and cash equivalents	24,929
Accounts receivable	34,366
Prepayments, deposits and other receivables	10
Non-current assets	
Property, plant and equipment	182,253
Right-of-use assets	16,219
Other intangible assets	78,000
Other non-current assets	28,390
Current liabilities	
Construction costs payable	(294,852)
Other payables and accrued charges	(18,930)
Lease liabilities	(7,172)
Non-current liabilities	
Deferred income tax liabilities	(2,437)
	40,776

Gain on bargain purchase arising on acquisition

	RMB'000
Consideration transferred	16,471
Plus: non-controlling interests	–
Less: recognized amount of identifiable net assets acquired (100%)	(40,776)
Gain on bargain purchase (Note 7)	(24,305)

A gain on bargain purchase of RMB24,305,000 on acquisition of Daqing Meiyangda is recognised as other gains in the consolidated income statement for the year ended 31 December 2019.

Net cash inflows arising on acquisition

	RMB'000
Consideration paid in cash	16,471
Less: cash and cash equivalents acquired	(24,929)
	(8,458)

Impact of acquisition on the results of the Group

Included in the profit for the year is loss of RMB5,475,000 attributable to Daqing Meiyangda. Revenue for the year included RMB2,452,000 that is attributable to Daqing Meiyangda.

46. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(c) Other business combinations during the year

During the year ended 31 December 2019, the Company, Wu Ling Power and SPIC Anhui New Energy Development Co., Ltd. ("Anhui Company"), a subsidiary of the Company, acquired certain equity interests in other four entities (collectively referred to as "Other Acquired Businesses") respectively. These acquisitions have been accounted for using the acquisition method and were all individually not material. No goodwill arose as a result of these acquisitions.

Consideration transferred

	RMB'000
Cash	60,530
Consideration payable, which has been accounted for as other payables and accrued charges as at 31 December 2019	25,946
	86,476

Assets and liabilities recognized at the date of acquisition

	RMB'000
Current assets	
Cash and cash equivalents	954
Prepayments, deposits and other receivables	3,874
Non-current assets	
Property, plant and equipment	1,789
Prepayments for construction of power plants	121,881
Other non-current assets	1,539
Current liabilities	
Other payables and accrued charges	(393)
	129,644

Non-controlling interest

The non-controlling interests in Other Acquired Businesses recognized at the acquisition date were measured by reference to the proportionate share of recognized amounts of net assets of the acquired entities and amounts to RMB42,037,000.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	86,476
Plus: non-controlling interests	42,037
Plus: Associate transfer to susidiary	1,131
Less: recognized amount of identifiable net assets acquired (100%)	(129,644)
Goodwill arising on acquisition	–

Net cash outflows arising on acquisition

	RMB'000
Consideration paid in cash	60,530
Less: cash and cash equivalents acquired	(954)
	59,576

46. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(d) Zhongning Longji

During the year ended 31 December 2018, Wu Ling Power acquired 70% equity interest in Zhongning Longji. This acquisition had been accounted for using the acquisition method.

Consideration transferred

	RMB'000
Consideration prepaid, which has been accounted for as other non-current assets as at 31 December 2017	63,682
Cash	127,365
Consideration payable, which has been accounted for as amounts due to related parties as at 31 December 2018	21,227
	212,274

Acquisition-related costs of RMB41,000 had been excluded from the cost of acquisition and had been recognized directly as "other operating expenses" in the consolidated income statement for the year ended 31 December 2018.

Assets and liabilities recognized at the date of acquisition

	After adjustment (note) RMB'000	Provisional basis RMB'000
Current assets		
Cash and cash equivalents	1,313	1,313
Accounts receivable	67,595	67,595
Prepayments, deposits and other receivables	4,084	4,084
Non-current assets		
Property, plant and equipment	1,138,535	1,290,535
Other intangible assets	144,900	–
Deferred income tax assets	29	29
Other non-current assets	271,845	271,845
Current liabilities		
Other payables and accrued charges	(849)	(849)
Construction costs payable	(131,938)	(131,938)
Amounts due to Wu Ling Power	(376,508)	(376,508)
Amounts due to related parties	(822,858)	(822,858)
	296,148	303,248

46. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(d) Zhongning Longji *(Continued)*

Non-controlling interests

The non-controlling interest (30%) in Zhongning Longji amounted to RMB88,844,000 recognized at the acquisition date was measured by reference to the proportionate share of recognized amounts of net assets of Zhongning Longji. Therefore, RMB2,130,000 was deducted from the previously recognized amount of non-controlling interest based on the provisional basis of RMB90,974,000.

Goodwill arising on acquisition

	After adjustment (note) RMB'000	Provisional basis RMB'000
Consideration transferred	212,274	212,274
Plus: non-controlling interests	88,844	90,974
Less: recognized amount of identifiable net assets acquired (100%)	(296,148)	(303,248)
Goodwill arising on acquisitions	4,970	–

Net cash outflows arising on acquisition

	RMB'000
Consideration paid in cash	127,365
Less: cash and cash equivalents acquired	(1,313)
	126,052

Note:

During the year ended 31 December 2019, the initial accounting for the acquisition was completed. As a result, adjustments to the provisional values of identifiable assets and liabilities of Zhongning Longji were recognized and the comparatives figures on property, plant and equipment, goodwill, other intangible assets and non-controlling interests were adjusted and restated accordingly.

Had the aforementioned acquisitions on Jiangling GCL, Xin'an GCL, Ruzhou GCL, Daqing Meiyangda and Other Acquired Businesses (collectively referred to as the "Target Companies") been effected at the beginning of the current year, the revenue of the Group for the year ended 31 December 2019 would have been RMB27,847,000,000, and the profit for the year would have been RMB2,219,648,000. The unaudited pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the unaudited pro-forma revenue and profit of the Group had the Target Companies been acquired at the beginning of the current year, the Directors calculated the corresponding depreciation and amortization based on the recognized amounts of plants and equipment, right-of-use assets (2018: prepaid lease payments) and other intangible assets at the dates of these acquisitions.

47. RELATED PARTY TRANSACTIONS

The Group is controlled by CPI Holding, an intermediate holding company which directly holds approximately 28.9% (2018: 28.9%) of the Company's shares, and indirectly holds approximately 27.1% (2018: 27.1%) of the Company's shares through CPDL. As at 31 December 2019, CPI Holding owned approximately 56.0% (2018: 56.0%) equity interest of the Company in aggregate. The Directors regard SPIC, a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPI Holding, as the ultimate holding company.

SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in these consolidated financial statements.

During the year of 2018, ABC Financial Asset Investment Co., Ltd (農銀金融資產投資有限公司) ("ABC Financial"), a subsidiary of ABC, and ICBC Financial Asset Investment Co., Ltd (工銀金融資產投資有限公司) ("ICBC Financial"), a subsidiary of ICBC, have respectively become non-controlling shareholders of Huaihua Yuanjiang Power Development Co., Ltd ("Yuanjiang Power") and SPIC Guangxi Changzhou Hydropower Development Co., Ltd ("Changzhou Hydropower"), both being significant subsidiaries of the Group. ABC and its subsidiaries (collectively the "ABC Group") and ICBC and its subsidiaries (collectively the "ICBC Group") could exercise significant influence through these subsidiaries and were identified as related parties to the Group accordingly.

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these consolidated financial statements. Management of the Group is of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Income

	Note	2019 RMB'000	2018 RMB'000
Interest income from:	(i)		
— SPIC Financial		10,110	5,106
— ICBC and ABC		1,274	240
— an associate		8,628	3,330
— a joint venture		16,235	6,326
Dividend income from Shanghai Power	(ii)	119,885	72,658
Dividend income from SPIC Financial	(ii)	4,860	4,450
Rental income from a fellow subsidiary	(iii)	–	54,110
Rental income from a joint venture	(iii)	513	500
Income from provision of repairs and maintenance services to:	(iii)		
— companies controlled by SPIC		272	–
— fellow subsidiaries		10,605	6,648
— an associate		6,382	6,981
— SPIC		189	–
Income from provision of IT and other services to:	(iii)		
— companies controlled by SPIC		5,533	9,210
— fellow subsidiaries		9,021	12,618
— associates		5,526	3,976
— CPI Holding		106	–
Sales of coal, coal by-products and spare parts to:	(iii)		
— companies controlled by SPIC		6,979	4,718
— fellow subsidiaries		5,038	4,766
— associates		135,998	47,536
Provision of power generation to:	(iii)		
— fellow subsidiaries		1,770	5,306
— companies controlled by SPIC		706	–
Sales of heat to:	(iii)		
— non-controlling shareholders of subsidiaries		22,036	4,675
— a joint venture		1,447	5,822
Compensation income from a non-controlling shareholder of a subsidiary	(iii)	–	5,738
Sales of unused power production quota to companies controlled by SPIC	(iii)	66,353	13,945

Notes:

(i) Interest income to these related parties are charged at interest rates from 0.35% to 5.66% (2018: 0.35% to 5.66%) per annum.

(ii) Dividend income from Shanghai Power and SPIC Financial were recognized based on dividends declared by the respective board of directors in proportion to the Group's interest in these companies.

(iii) These incomes were charged in accordance with the terms of the relevant agreements.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Expenses

	Note	2019 RMB'000	2018 RMB'000
Purchases of coal, coal by-products and spare parts from:	(i)		
— companies controlled by SPIC		468,834	541,703
— fellow subsidiaries		24,160	40,866
— a joint venture		30,083	45,670
— non-controlling shareholders of subsidiaries		5,625,332	6,148,478
Construction costs and other services fees to:	(ii)		
— companies controlled by SPIC		1,031,521	959,679
— fellow subsidiaries		157,878	170,430
— a non-controlling shareholder of a subsidiary		502,792	647,975
Interest expenses to:	(iii)		
— SPIC		283,791	235,799
— CPI Holding		52,414	54,466
— SPIC Financial		213,949	108,370
— ICBC and ABC		948,949	150,422
— ICBC Financial Leasing Co., Ltd. on lease liabilities/obligations under finance leases		3,385	14,546
— a fellow subsidiary		15,331	16,509
— an associate		504	1,068
— companies controlled by SPIC		2,141	7,485
— companies controlled by SPIC on lease liabilities/obligations under finance leases		193,983	67,999
Lease rental expenses in respect of leasehold land and buildings:	(iv)		
— SPIC		–	17,061
— CPI Holding		–	20,607

Notes:

(i) Purchases of coal, coal by-products and spare parts were charged in accordance with the terms of the relevant agreements.

(ii) Construction costs and other services fees were mainly related to construction services, repairs and maintenance services, transportation services and other services which were charged based on mutually agreed prices.

(iii) Interest expenses to these related parties are charged at interest rates ranged from 1.38% to 8% (2018: ranged from 1.38% to 7.5%) per annum.

(iv) Operating lease rental expenses in respect of leasehold land and buildings were charged in accordance with the terms of the relevant agreements.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year-end balances with related parties

Year-end balances with related parties are disclosed in Notes 16, 24, 27, 28, 31, 32, 36, 38 and 39.

(d) For the years ended 31 December 2019 and 2018, the Group's significant transactions and balances with entities that are controlled, jointly-controlled or significantly influenced by the PRC government mainly include:

(i) bank deposits in state-owned banks and the related interest income

(ii) bank borrowings from state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) purchases of coal from state-owned enterprises and the related payables

(v) reservoir maintenance and usage fees to the PRC government

(vi) service fees to state-owned enterprises

(vii) compensation for inundation to the PRC government

The prices and terms of these transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

(e) Key management personnel compensation

	2019 **RMB'000**	2018 RMB'000
Fees, basic salaries, housing allowance, other allowances and benefits in kind, discretionary bonuses, employer's contribution to pension plans and other benefits	**11,459**	8,513

(f) Guarantees issued by related parties as at 31 December 2019 and 2018 are set out in Notes 36(c) and 37(b).

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2019 and 2018:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Anhui Huainan Pingwei Electric Power Generation Company Limited (安徽淮南平圩發電有限責任公司)	The PRC	RMB841,600,000	60%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Huainan Pingwei No. 2 Electric Power Generation Co., Ltd. (淮南平圩第二發電有限責任公司)	The PRC	USD104,153,000	60%	–	Sino-foreign equity joint venture	Generation and sale of electricity
Huainan Pingwei No. 3 Electric Power Generation Co., Ltd. (淮南平圩第三發電有限責任公司)	The PRC	RMB1,571,800,000/ RMB1,460,079,000	60%	–	Sino-foreign equity joint venture	Generation and sale of electricity
Huanggang Dabieshan Power Generation Company Limited (黃岡大別山發電有限責任公司)	The PRC	RMB1,667,486,000/ RMB1,354,151,000	51%	–	Sino-foreign equity joint venture	Generation and sale of electricity
Pingdingshan Yaomeng Power Company Limited (平頂山姚孟發電有限責任公司)	The PRC	RMB1,702,336,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Wu Ling Power (五凌電力有限公司)	The PRC	RMB8,529,130,000	63%	–	Sino-foreign equity joint venture	Generation and sale of electricity
Sichuan CPI Fuxi Power Company Limited (四川中電福溪電力開發有限公司)	The PRC	RMB968,000,000	51%	–	Sino-foreign equity joint venture	Generation and sale of electricity
CP Guorui (中電國瑞物流有限公司)	The PRC	RMB302,655,000	100%	–	Wholly foreign-owned enterprise	Provision of logistics services
Beijing China Power Huizhi Technology Company Limited (北京中電匯智科技有限公司)	The PRC	RMB20,000,000	100%	–	Wholly foreign-owned enterprise	Provision of IT services
CP Shentou (中電神頭發電有限責任公司)	The PRC	RMB1,000,000,000/ RMB900,309,000	80%	–	Sino-foreign equity joint venture	Generation and sale of electricity
Wuhu Electric Power Generating Company Limited (蕪湖發電有限責任公司)	The PRC	USD142,500,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
China Power (Pu'an) Power Generating Company Limited (中電(普安)發電有限責任公司)	The PRC	RMB999,120,000/ RMB940,023,000	95%	–	Sino-foreign equity joint venture	Generation and sale of electricity

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
China Power Hua Chuang Electric Power Technology Research Company Limited (中電華創電力技術研究有限公司)	The PRC	RMB150,000,000/ RMB94,800,000	100%	–	Wholly foreign-owned enterprise	Provision of technical services related to generation of electricity
# Shanxi China Power Shentou No.2 Power Generating Company Limited (山西中電神頭第二發電有限責任公司)	The PRC	RMB2,385,316,000/ RMB417,316,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Tieling China Power Photovoltaic Power Generating Company Limited (鐵嶺中電光伏發電有限公司)	The PRC	RMB97,420,000/ RMB81,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Huainan China Power Jiaoganghu Photovoltaic Power Generating Company Limited (淮南中電焦崗湖光伏發電有限責任公司)	The PRC	RMB123,012,000/ RMB101,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Datong China Power Photovoltaic Power Generating Company Limited (大同中電光伏發電有限公司)	The PRC	RMB680,430,000/ RMB612,390,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
China Power (Jiangmen) Comprehensive Energy Company Limited (中電(江門)綜合能源有限公司)	The PRC	RMB168,000,000/ RMB115,100,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
# Dayao China Power Photovoltaic Power Generating Company Limited (大姚中電光伏發電有限公司)	The PRC	RMB135,000,000/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
# Yao'an China Power Photovoltaic Power Generating Company Limited (姚安中電光伏發電有限公司)	The PRC	RMB135,000,000/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Hubei China Power Zhiguang New Energy Company Limited (湖北中電智光新能源有限公司)	The PRC	RMB140,000,000/ RMB112,500,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
China Power (Shangqiu) Thermal Power Company Limited (中電(商丘)熱電有限公司)	The PRC	RMB1,097,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
China Power Hefei Energy Co., Ltd. (中電合肥能源有限公司)	The PRC	RMB100,000,000/ RMB20,000,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
# China Power (Guigang) Comprehensive Energy Co., Ltd. (中電(貴港)綜合能源有限公司)	The PRC	RMB293,400,000/ RMB10,780,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
# China Power (Chengdu) Comprehensive Energy Co., Ltd. (中電(成都)綜合能源有限公司)	The PRC	RMB300,000,000/ RMB76,243,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
# China Power (Yizhou) Thermal Power Company Limited (中電(宜州)熱電有限公司)	The PRC	RMB861,300,000/ RMB16,790,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Ruicheng China Power Photovoltaic Power Generating Co., Ltd. (芮城中電光伏發電有限公司)	The PRC	RMB200,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
# China Power Changshu Thermal Power Company Limited (中電常熟熱電有限公司)	The PRC	RMB344,000,000/ RMB78,100,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
# Pingdingshan China Power Photovoltaic Power Generating Co., Ltd (平頂山中電光伏發電有限公司)	The PRC	RMB265,244,400/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Huainan China Power Shijiahu Photovoltaic Power Generating Company Limited (淮南中電施家湖光伏發電有限責任公司)	The PRC	RMB220,260,000/ RMB189,120,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
# China Power (Wuzhou) Comprehensive Energy Company Limited (中電(梧州)綜合能源有限公司)	The PRC	RMB265,200,000/ RMB4,000,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
Zhongdian Zhihui Comprehensive Energy Limited (中電智慧綜合能源有限公司)	The PRC	RMB200,000,000/ RMB42,080,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
# China Power (Deyang) Comprehensive Energy Company Limited (中電(德陽)綜合能源有限公司)	The PRC	RMB260,000,000/ RMB14,000,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
# China Power (Shenyang) Energy Investment Company Limited (中電(瀋陽)能源投資有限公司)	The PRC	RMB500,000,000/ RMB303,800,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
# Henan China Power Ping'an Energy Services Company Limited (河南中電平安能源服務有限公司)	The PRC	RMB210,000,000/ RMB21,000,000	–	60%	Sino-foreign equity joint venture	Distribution and sale of electricity
China Power (Pu'an) New Energy Company Limited (中電(普安)新能源有限責任公司)	The PRC	RMB287,540,000/ RMB237,080,000	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Chongzuo China Power Comprehensive Energy Company Limited (崇左中電綜合能源有限公司)	The PRC	RMB200,000,000/ RMB14,200,000	–	100%	Wholly foreign-owned enterprise	Investment on new energy power resources
# China Power Hua Chuang (Suzhou) Electric Power Technology Research Company Limited (中電華創(蘇州)電力技術研究有限公司)	The PRC	RMB50,000,000/ RMB2,000,000	–	100%	Wholly foreign-owned enterprise	Provision of technical services related to generation of electricity
# Changshu China Power Photovoltaic Power Generating Company Limited (常熟中電光伏發電有限公司)	The PRC	RMB187,000,000/ Nil	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
# China Power Dabieshan (Hubei) Power Sales Company Limited (中電大別山(湖北)售電有限公司)	The PRC	RMB20,000,000	100%	–	Wholly foreign-owned enterprise	Investment on comprehensive energy resources
Shanxi Shentou (山西神頭發電有限責任公司)	The PRC	RMB558,681,000	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity
SPIC (Wuhu) Power Sales Company Limited (國家電投(蕪湖)售電有限公司)	The PRC	RMB65,000,000	–	100%	Wholly foreign-owned enterprise	Investment on comprehensive energy resources
Guizhou Qingshuijiang Hydropower Co., Ltd. (貴州清水江水電有限公司)	The PRC	RMB3,400,000,000/ RMB3,285,000,000	–	95%	Limited liability company	Generation and sale of electricity
Yuanjiang Power (懷化沅江電力開發有限責任公司)	The PRC	RMB6,800,000,000/ RMB6,460,387,600	–	58.82%	Limited liability company	Generation and sale of electricity
Hunan Wuhua Hotel Co., Ltd. (湖南五華酒店有限公司)	The PRC	RMB162,100,000	–	70%	Sino-foreign equity joint venture	Hotel ownership and operation
Hunan Wuling Engineering Co., Ltd. (湖南五凌電力工程有限公司)	The PRC	RMB60,000,000	–	100%	Limited liability company	Provision of repair and maintenance services
Lixian Huacheng Hydropower Development Company Limited (理縣華成水電開發有限責任公司)	The PRC	RMB255,818,420	–	100%	Limited liability company	Generation and sale of electricity
Sichuan Jiuyuan Electric Power Development Company Limited (四川九源電力開發有限責任公司)	The PRC	RMB320,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Toksun Electric Power Co., Ltd. (五凌托克遜電力有限公司)	The PRC	RMB142,000,000	–	100%	Limited liability company	Generation and sale of electricity

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Wuling Burqin Electric Power Co., Ltd. (五凌布爾津電力有限公司)	The PRC	RMB139,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Rucheng Electric Power Co., Ltd. (五凌汝城電力有限公司)	The PRC	RMB168,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Shanshan Electric Power Co., Ltd. (五凌鄯善電力有限公司)	The PRC	RMB274,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Linxiang Electric Power Co., Ltd. (五凌臨湘電力有限公司)	The PRC	RMB279,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Yongshun Electric Power Co., Ltd. (五凌永順電力有限公司)	The PRC	RMB176,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Qinggil Electric Power Co., Ltd. (五凌青河電力有限公司)	The PRC	RMB77,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Xinshao Electric Power Co., Ltd. (五凌新邵電力有限公司)	The PRC	RMB183,000,000	–	100%	Limited liability company	Generation and sale of electricity
# Wuling Youxian Electric Power Co., Ltd. (五凌攸縣電力有限公司)	The PRC	RMB88,000,000	–	100%	Limited liability company	Generation and sale of electricity
# Wuling Taojiang Electric Power Co., Ltd. (五凌桃江電力有限公司)	The PRC	RMB88,000,000	–	100%	Limited liability company	Generation and sale of electricity
Gulangxian Yonghe New Energy Investment Co., Ltd. (古浪縣雍和新能源投資有限責任公司)	The PRC	RMB140,000,000	–	70%	Limited liability company	Generation and sale of electricity
# Guangyuan CPI Electric Power Co., Ltd. (廣元中電投電力有限公司)	The PRC	RMB88,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity
# Wuling Shangdu Electric Power Co., Ltd. (五凌商都電力有限公司)	The PRC	RMB20,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity
# Wuling Yanling Electric Power Co., Ltd. (五凌炎陵電力有限公司)	The PRC	RMB88,000,000/ RMB34,410,000	–	100%	Limited liability company	Generation and sale of electricity
# Hunan Province Hongzhao Wind Power Co., Ltd. (湖南省鴻兆風力發電有限公司)	The PRC	RMB85,000,000	–	70%	Limited liability company	Generation and sale of electricity
# Wuling Shaodong Electric Power Co., Ltd. (五凌邵東電力有限公司)	The PRC	RMB88,000,000/ Nil	–	100%	Limited liability company	Generation and sale of electricity

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
Wuling Electric Hunan Energy Sales Co., Ltd. (五凌電力湖南能源銷售有限公司)	The PRC	RMB210,000,000	–	100%	Limited liability company	Sales of energy
# Wuling Xinhua Electric Power Co., Ltd. (五凌新化電力有限公司)	The PRC	RMB125,000,000/ RMB58,230,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Xintian Electric Power Co., Ltd. (五凌新田電力有限公司)	The PRC	RMB32,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Jiangyong Electric Power Co., Ltd. (五凌江永電力有限公司)	The PRC	RMB100,000,000	–	70%	Limited liability company	Generation and sale of electricity
Wuling Shuangfeng Electric Power Co., Ltd. (五凌雙峰電力有限公司)	The PRC	RMB80,000,000	–	70%	Limited liability company	Generation and sale of electricity
Xinping Wind Power Fengzhizi Wind Electric Power Co., Ltd. (新平風能風之子風電有限公司)	The PRC	RMB80,000,000/ RMB16,000,000	–	51%	Limited liability company	Generation and sale of electricity
Wuling Xin Barag Left Banner Electric Power Co., Ltd. (五凌新巴爾虎左旗電力有限公司)	The PRC	RMB80,000,000/ RMB73,000,000	–	100%	Limited liability company	Generation and sale of electricity
Hunan Wuling Electric Technology Co., Ltd. (湖南五凌電力科技有限公司)	The PRC	RMB48,000,000/ RMB10,000,000	–	100%	Limited liability company	Provision of technical services in relation to generation of electricity
Longshan Zhongshui Hydropower Development Co., Ltd. (龍山中水水電開發有限責任公司)	The PRC	RMB99,946,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Wuhai Electric Power Company Limited (五凌烏海電力有限公司)	The PRC	RMB122,000,000	–	100%	Limited liability company	Generation and sale of electricity
^# CPI Qiubei Jingtai New Energy Company Limited (中電投丘北京泰新能源有限公司)	The PRC	RMB80,000,000/ RMB56,000,000	–	70%	Limited liability company	Investment on new energy power resources
# Wuling Yuanling Electric Power Co., Ltd. (五凌沅陵電力有限公司)	The PRC	RMB90,000,000	–	100%	Limited liability company	Generation and sale of electricity
# Beijing Haoyu New Energy Investment Co., Ltd. (北京浩宇新能源投資有限公司)	The PRC	RMB164,000,000/ RMB120,800,000	–	70%	Limited liability company	Investment on new energy power resources

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
# Zhangzi Langqing Wind Electric Power Co., Ltd. (長子縣朗晴協合風電有限公司)	The PRC	RMB164,000,000/ RMB120,800,000	–	70%	Limited liability company	Generation and sale of electricity
# Taiyuan Lantian New Energy Company Limited (太原嵐天新能源有限公司)	The PRC	RMB84,000,000	–	90%	Limited liability company	Investment on new energy power resources
# Lan County Huyuetong Dashetou Wind Power Co.,Ltd. (嵐縣虎悅通大蛇頭風力發電有限公司)	The PRC	RMB84,000,000	–	90%	Limited liability company	Generation and sale of electricity
SPIC Guangxi Electric Power Co., Ltd (國家電投集團廣西電力有限公司)	The PRC	RMB1,474,000,000/ RMB13,750,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Changzhou Hydropower (國家電投集團廣西長洲水電開發有限公司)	The PRC	RMB2,072,098,580	–	64.93%	Limited liability company	Generation and sale of electricity
SPIC Guangxi Xing'an Wind Power Co., Ltd (國家電投集團廣西興安風電有限公司)	The PRC	RMB776,610,526/ RMB856,588,526	–	95%	Limited liability company	Generation and sale of electricity
SPIC Guangxi Jinzishan Wind Power Ltd ("SPIC Jinzishan") (國家電投集團廣西金紫山風電有限公司)	The PRC	RMB523,012,295	–	50.57%	Limited liability company	Generation and sale of electricity
SPIC Shandong Energy Development Co., Ltd. (國家電投集團山東能源發展有限公司)	The PRC	RMB820,000,000/ RMB508,230,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Anqiu Hengtai New Energy Technology Co. Ltd (安丘泰新能源科技有限公司)	The PRC	RMB240,000,000/ RMB296,652,841	–	51%	Limited liability company	Generation and sale of electricity
SPIC Anhui New Energy Development Co., Ltd. (國家電力投資集團安徽新能源有限公司)	The PRC	RMB422,000,000/ RMB318,700,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
SPIC Huainan New Energy Co. Ltd (淮南市國家電投新能源有限公司)	The PRC	RMB300,000,000/ RMB235,600,000	–	100%	Limited liability company	Generation and sale of electricity
SPIC Hubeilvdong New Energy Co., Ltd. (國家電投集團湖北綠動新能源有限公司)	The PRC	RMB720,000,000/ RMB403,910,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
Shayang Green Power Photovoltaic Power Generating Company Limited (沙洋綠動光伏發電有限公司)	The PRC	RMB70,000,000/ RMB69,000,000	–	100%	Limited liability company	Generation and sale of electricity

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Zhongning Longji (中寧縣隆基光伏新能源有限公司)	The PRC	RMB300,000,000	–	70%	Limited liability company	Generation and sale of electricity
Daqing Huiqing New Energy Company Limited (大慶市輝慶新能源有限公司)	The PRC	RMB132,460,000	–	70%	Limited liability company	Generation and sale of electricity
Zhaozhou Longhui New Energy Co., Ltd (肇州縣隆輝新能源有限公司)	The PRC	RMB118,410,000	–	70%	Limited liability company	Generation and sale of electricity
# Zuoyun China Power Photovoltaic Power Generating Co., Ltd (左雲中電光伏發電有限公司)	The PRC	RMB186,062,000/ RMB167,460,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
# Hunyuan China Power Photovoltaic Power Generating Co., Ltd (渾源中電光伏發電有限公司)	The PRC	RMB178,815,700/ RMB160,930,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
China Power Suzhou Shared Service Co., Ltd (中電(蘇州)共享服務有限公司)	The PRC	RMB80,000,000/ RMB36,800,000	100%	–	Wholly foreign-owned enterprise	Provision of IT services
^China Power Chaoyang New Energy Co., Ltd (中電(朝陽)新能源有限公司)	The PRC	RMB750,000,000/ RMB449,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
^Henan New Hope New Energy Technology Co., Ltd. (河南新希望新能源科技有限公司)	The PRC	RMB138,930,000/ RMB79,318,000	60%	–	Limited liability company	Provision of comprehensive energy services
^ Puyang New Hope New Energy Technology Co. Ltd (濮陽新希望新能源科技有限公司)	The PRC	RMB115,530,000/ RMB81,000,000	–	100%	Wholly foreign-owned enterprise	Provision of comprehensive energy services
^# Hun'an Dinghai New Energy Co., Ltd. (湖南鼎海新能源有限公司)	The PRC	RMB10,000,000	–	70%	Limited liability company	Generation and sale of electricity
^ Xin'an GCL Photovoltaic Power Co., Ltd. (新安縣協鑫光伏電力有限公司)	The PRC	RMB183,170,000	–	55%	Limited liability company	Generation and sale of electricity
^ Ruzhou GCL Photovoltaic Power Co., Ltd. (汝州協鑫光伏電力有限公司)	The PRC	RMB184,240,000	–	55%	Limited liability company	Generation and sale of electricity
^Jiangling GCL Photovoltaic Power Co., Ltd. (江陵縣協鑫光伏電力有限公司)	The PRC	RMB230,000,000	–	55%	Limited liability company	Generation and sale of electricity
^#Guoyang Guohuai New Energy Co. Ltd (渦陽國淮新能源有限公司)	The PRC	RMB50,000,000/ RMB12,531,300	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity
^#Qianjiang Green Power Wind Power Co. Ltd (潛江綠動風電有限公司)	The PRC	RMB152,000,000/ RMB60,000,000	–	90%	Limited liability company	Generation and sale of electricity

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
^#Tuanfeng Green Power Wind Power Co. Ltd (團風綠動風電有限公司)	The PRC	RMB95,000,000/ Nil	–	90%	Limited liability company	Generation and sale of electricity
^Daqing Meiyangda Energy Technology Development Co., Ltd (大慶美陽達新能源科技開發有限公司)	The PRC	RMB101,570,000/ RMB84,079,000	–	100%	Wholly foreign-owned enterprise	Provision of comprehensive energy services
^#Jiangyong Clean Energy Development Co., Ltd (江永清潔能源開發有限公司)	The PRC	RMB130,000,000	–	70%	Limited liability company	Provision of comprehensive energy services
^#Wuling Qidong Comprehensive Intelligent Energy Co., Ltd (五凌祁東綜合智慧能源有限公司)	The PRC	RMB10,000,000	–	51%	Limited liability company	Generation and sale of electricity
^#Hefei Hanyu New Energy Technology Co., Ltd (合肥漢禹新能源科技有限公司)	The PRC	RMB120,000,000/ RMB89,400,000	–	51%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Sixian Hanfeng New Energy Technology Co., Ltd (泗縣漢風新能源科技有限公司)	The PRC	RMB120,000,000/ RMB89,380,000	–	51%	Limited liability company	Generation and sale of electricity
^#Daoxian Clean Energy Development Co., Ltd (道縣清潔能源開發有限公司)	The PRC	RMB130,000,000/ RMB70,700,000	–	70%	Limited liability company	Generation and sale of electricity
^#Xintian Linyuan Electric Power Co., Ltd (新田林源電力有限公司)	The PRC	RMB127,400,000/ RMB94,276,000	–	74%	Limited liability company	Generation and sale of electricity
^#Jiangyong Shenghua Energy Development Co., Ltd (江永晟華能源開發有限公司)	The PRC	RMB130,000,000/ RMB69,700,000	–	51%	Limited liability company	Provision of comprehensive energy services
^#Ningxia Lingjia Electric Power Co., Ltd (寧夏凌佳電力有限公司)	The PRC	RMB165,300,000	–	51%	Limited liability company	Generation and sale of electricity
^#Ningxia Atesijiayang Energy Development Co., Ltd (寧夏阿特斯佳陽能源開發有限公司)	The PRC	RMB165,300,000	–	51%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Pingluo Atesijiayang New Energy Co., Ltd (平羅縣阿特斯佳陽新能源有限公司)	The PRC	RMB165,300,000	–	51%	Limited liability company	Generation and sale of electricity
^#Qingyuan Yousheng Asset Investment Co., Ltd (清遠佑昇資產投資有限公司)	The PRC	RMB205,000,000/ RMB203,447,422	–	51%	Limited liability company	Investment on new energy power resources

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
^#Yangshan Jinshunli Power Generation Co., Ltd (陽山縣金順力發電有限公司)	The PRC	RMB205,000,000	–	51%	Limited liability company	Generation and sale of electricity
^#Shanghai Yuehe New Energy Technology Co., Ltd (上海越禾新能源科技有限公司)	The PRC	RMB160,000,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Yangchun Xiangdian New Energy Co., Ltd (陽春市相電新能源有限公司)	The PRC	RMB160,000,000	–	70%	Limited liability company	Generation and sale of electricity
^#Daixian Xinhuaneng Energy Development Co., Ltd (代縣新華能能源開發有限公司)	The PRC	RMB270,000,000/ RMB25,380,000	–	51%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Jingle Xinfeng Energy Development Co., Ltd (靜樂縣新風能源發展有限公司)	The PRC	RMB180,000,000/ RMB165,761,271	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Jingle Hongyi Energy Development Co., Ltd (靜樂弘義能源開發有限公司)	The PRC	RMB360,000,000/ RMB279,000,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Shenchi Jinyuan Xinfeng Energy Development Co., Ltd (神池晉源新風能源開發有限公司)	The PRC	RMB180,000,000/ RMB139,500,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Jiangyin Yuanjing Yuantian Energy Co., Ltd (江陰遠景遠天能源有限公司)	The PRC	RMB130,400,000/ RMB94,400,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
^#Puxian Yuantian Wind Power Co., Ltd. (蒲縣遠天風電有限公司)	The PRC	RMB130,400,000/ RMB94,400,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
^#SPIC Gushi New Energy Co., Ltd (國家電投固始新能源有限公司)	The PRC	RMB200,000,000/ RMB17,399,512	–	100%	Wholly foreign-owned enterprise	Provision of technical services in relation to generation of electricity
^#Qihe Jufeng New Energy Co., Ltd (齊河聚風新能源有限公司)	The PRC	RMB80,000,000/ RMB1,000,000	–	51%	Limited liability company	Provision of technical services in relation to generation of electricity
^SPIC Anhui Hailuo Electricity Power Sales Co.,Ltd (國家電投集團安徽海螺售電有限公司)	The PRC	RMB200,000,000/ RMB1,131,322	–	50% (note)	Limited liability company	Sale of electricity

^ These subsidiaries were newly set up/acquired in 2019.
\# The power plant is under development.

Note:

The Company could exercise control on SPIC Anhui Hailuo Electricity Power Sales through its majority seats in the board of directors.

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income/(expenses) allocated to non-controlling interests		Accumulated non-controlling interests	
		2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000 (restated)
Wu Ling Power and its subsidiaries (together referred to as the "Wu Ling Group")	The PRC	**37%**	37%	**309,228**	260,325	**5,118,048**	4,908,623
Changzhou Hydropower	The PRC	**35.07%**	35.07%	**37,148**	34,257	**1,353,219**	1,418,358
Yuanjiang Power	The PRC	**41.18%**	41.18%	**123,518**	(23,104)	**2,986,205**	2,976,587
Subsidiaries with individually immaterial non-controlling interests						**5,355,662**	3,595,546
						14,813,134	12,899,114

The non-controlling interests in respect of the rest of entities with non-controlling interests were individually not material. Set out below are the summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests.

(1) Wu Ling Group

Summarized consolidated statement of financial position

	Wu Ling Group	
	2019 RMB'000	2018 RMB'000
Non-current assets	**49,824,324**	43,426,683
Current assets	**1,399,992**	1,480,403
Non-current liabilities	**(20,595,142)**	(19,768,072)
Current liabilities	**(12,367,278)**	(8,407,293)
Total equity	**18,261,896**	16,731,721
Non-controlling interests within Wu Ling Group	**(4,429,335)**	(3,465,173)
Equity attributable to owners of Wu Ling Power	**13,832,561**	13,266,548
Non-controlling interests of Wu Ling Power (at 37%)	**5,118,048**	4,908,623

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

(1) Wu Ling Group *(Continued)*

Summarized consolidated income statement and consolidated statement of comprehensive income

	Wu Ling Group	
	2019 RMB'000	2018 RMB'000
Revenue	**5,970,701**	4,641,766
Profit for the year	**932,771**	728,733
Profit attributable to the non-controlling interests of Wu Ling Group's subsidiaries	**(157,297)**	(9,625)
Profit attributable to the owners of Wu Ling Power	**775,474**	719,108
Profit attributable to the non-controlling interests of Wu Ling Power (at 37%)	**286,925**	266,070
Other comprehensive income/(expense) for the year	**60,270**	(15,543)
Other comprehensive expense attributable to the non-controlling interests of Wu Ling Group's subsidiaries	**8**	16
Other comprehensive income/(expense) attributable to the owners of Wu Ling Power	**60,278**	(15,527)
Other comprehensive income/(expense) attributable to the non-controlling interests of Wu Ling Power (at 37%)	**22,303**	(5,745)
Total comprehensive income for the year	**993,041**	713,190
Total comprehensive income attributable to the non-controlling interests of Wu Ling Group's subsidiaries	**(157,289)**	(9,609)
Total comprehensive income attributable to the owners of Wu Ling Power	**835,752**	703,581
Total comprehensive income attributable to the non-controlling interests of Wu Ling Power (at 37%)	**309,228**	260,325

Summarized consolidated statement of cash flows

	Wu Ling Group	
	2019 RMB'000	2018 RMB'000
Dividends paid	**(565,439)**	–
Dividends paid to non-controlling shareholders of subsidiaries	**(115,127)**	(344,759)
Net cash inflow from operating activities	**3,051,127**	1,920,426
Net cash outflow from investing activities	**(7,032,357)**	(3,178,678)
Net cash inflow from financing activities	**4,645,031**	1,567,461
Net decrease in cash and cash equivalents	**(16,765)**	(35,550)
Cash and cash equivalents at 1 January	**84,261**	119,811
Cash and cash equivalents at 31 December	**67,496**	84,261

The financial information presented above is before inter-company eliminations.

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

(2) Changzhou Hydropower

Summarized statement of financial position

	Changzhou Hydropower	
	2019	2018
	RMB'000	RMB'000
Non-current assets	**5,017,410**	5,120,470
Current assets	**1,888,427**	1,774,014
Non-current liabilities	**(2,218,917)**	(2,362,837)
Current liabilities	**(665,420)**	(325,223)
Total equity	**4,021,500**	4,206,424
Non-controlling interests of Changzhou Hydropower (at 35.07%)	**1,353,219**	1,418,358

Summarized income statement and statement of comprehensive income

	Changzhou Hydropower	
	Year ended 31 December 2019	Period from 1 May to 31 December 2018
	RMB'000	RMB'000
Revenue	**891,489**	723,237
Profit and total comprehensive income for the year/period	**105,925**	261,798
Total comprehensive income attributable to the owners of Changzhou Hydropower	**105,925**	261,798
Total comprehensive income attributable to the non-controlling interests of Changzhou Hydropower (at 35.07%)	**37,148**	34,257

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

(2) Changzhou Hydropower *(Continued)*

Summarized statement of cash flows

	Changzhou Hydropower	
	Year ended 31 December 2019 RMB'000	Period from 1 May to 31 December 2018 RMB'000
Dividends paid	**(188,849)**	–
Dividends paid to non-controlling shareholders	**(102,000)**	–
Net cash inflow from operating activities	**202,849**	314,784
Net cash outflow from investing activities	**(119,584)**	(901,148)
Net cash inflow from financing activities	**204,642**	564,114
Net decrease in cash and cash equivalents	**(2,942)**	(22,250)
Cash and cash equivalents at 1 January	**6,666**	28,916
Cash and cash equivalents at 31 December	**3,724**	6,666

The financial information presented above is before inter-company eliminations.

(3) Yuanjiang Power

Summarized statement of financial position

	Yuanjiang Power	
	2019 RMB'000	2018 RMB'000
Non-current assets	**11,362,486**	10,690,032
Current assets	**153,293**	2,684,373
Non-current liabilities	**(4,940,386)**	(5,463,601)
Current liabilities	**883,349**	(638,110)
Total equity	**7,458,742**	7,272,694
Non-controlling interests of Yuanjiang Power (at 41.18%)	**2,986,205**	2,976,587

48 PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

(3) Yuanjiang Power *(Continued)*

Summarized income statement and statement of comprehensive income

	Yuanjiang Power	
	2019	2018
	RMB'000	RMB'000
Revenue	**1,120,863**	777,186
Profit/(loss) and total comprehensive income/(expense) for the year	**299,948**	(11,365)
Total comprehensive income/(expense) attributable to the owners of Yuanjiang Power	**299,948**	(11,365)
Total comprehensive income/(expense) attributable to the non-controlling interests of Yuanjiang Power (at 41.18%)	**123,518**	(23,104)

Summarized consolidated statement of cash flows

	Yuanjiang Power	
	2019	2018
	RMB'000	RMB'000
Dividends paid to non-controlling shareholders	**(113,900)**	–
Net cash inflow from operating activities	**966,877**	661,371
Net cash outflow from investing activities	**(238,230)**	(300,592)
Net cash outflow from financing activities	**(615,752)**	(360,000)
Net (decrease)/increase in cash and cash equivalents	**(1,005)**	779
Cash and cash equivalents at 1 January	**1,889**	1,110
Cash and cash equivalents at 31 December	**884**	1,889

The financial information presented above is before inter-company eliminations.

49. CONTINGENT LIABILITIES

As at 31 December 2019, a subsidiary of the Group was the defendant in certain legal disputes in relation to relocation compensations. At the end of the reporting period, the above legal proceedings were in progress whose final outcomes cannot be determined at present. The Directors considered that the outcome of these outstanding disputes will not result in significant adverse effect on the consolidated statement of financial position and operating results of the Group.

50. EVENT AFTER THE REPORTING PERIOD

As the outbreak of novel coronavirus epidemic continues to spread across the globe, the Group will continue to closely monitor the development of the novel coronavirus epidemic and ensure a stable operation. By the date of this report, the impact of the novel coronavirus epidemic on the Group's subsequent operating results is still under assessment.

51. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**20,163**	15,817
Right-of-use assets	**39,638**	–
Investments in subsidiaries	**22,092,896**	19,714,403
Interests in associates	**1,654,072**	1,654,072
Interests in joint ventures	**427,844**	372,504
Equity instruments at FVTOCI	**2,924,502**	2,942,667
Other non-current assets	**129,254**	139,178
Loans to subsidiaries	**3,800,000**	1,800,000
	31,088,369	26,638,641
Current assets		
Loans to subsidiaries	**4,403,360**	5,253,360
Prepayments, deposits and other receivables	**104,694**	58,822
Amounts due from related parties	**64,342**	365,268
Amounts due from subsidiaries	**270,920**	184,097
Dividends receivable	**137,846**	487,456
Cash and cash equivalents	**639,433**	1,157,963
	5,620,595	7,506,966
Assets classified as held for sale	**–**	720,310
Total assets	**36,708,964**	34,865,917

51. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital (Note 33)	**17,268,192**	17,268,192
Reserves (note (b))	**6,090,131**	6,424,493
Total equity	**23,358,323**	23,692,685
LIABILITIES		
Non-current liabilities		
Bank borrowings	**5,860,242**	5,813,912
Other borrowings	**4,000,000**	2,000,000
Lease liabilities	**14,444**	–
Deferred income tax liabilities	**409,911**	413,245
	10,284,597	8,227,157
Current liabilities		
Other payables and accrued charges	**205,202**	82,651
Amounts due to related parties	**125,307**	630,424
Amounts due to subsidiaries	**652,184**	904,175
Bank borrowings	**1,558,300**	1,328,825
Other borrowings	**500,000**	–
Lease liabilities	**25,051**	–
	3,066,044	2,946,075
Total liabilities	**13,350,641**	11,173,232
Total equity and liabilities	**36,708,964**	34,865,917
Net current assets	**2,554,551**	5,281,201
Total assets less current liabilities	**33,642,920**	31,919,842

The statement of financial position was approved and authorized for issue by the Board on 26 March 2020 and is signed on its behalf by:

TIAN Jun
Director

GUAN Qihong
Director

51. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Notes:

(a) The impact of transition to HKFRS 16 on retained earnings at 1 January 2019

The following adjustments were made to the amounts recognized in the statement of financial position as at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 January 2019 RMB'000
Non-current assets			
Right-of-use assets	–	63,373	63,373
Non-current liabilities			
Lease liabilities	–	37,161	37,161
Current liabilities			
Lease liabilities	–	26,212	26,212

51. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Notes:*(Continued)*

(b) Movements in the Company's reserves

	FVTOCI reserve RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2019	**1,280,460**	**–**	**5,144,033**	**6,424,493**
Profit for the year	**–**	**–**	**758,019**	**758,019**
Fair value loss on equity instruments at FVTOCI	**(18,165)**	**–**	**–**	**(18,165)**
Deferred income tax on fair value loss on equity instruments at FVTOCI	**4,541**	**–**	**–**	**4,541**
2018 final dividend	**–**	**–**	**(1,078,757)**	**(1,078,757)**
At 31 December 2019	**1,266,836**	**–**	**4,823,295**	**6,090,131**
At 1 January 2018	1,563,829	5,477	5,221,644	6,790,950
Profit for the year	–	–	711,270	711,270
Fair value loss on equity instruments at FVTOCI	(377,824)	–	–	(377,824)
Deferred income tax on fair value loss on equity instruments at FVTOCI	94,455	–	–	94,455
Lapse of share options	–	(5,477)	5,477	–
2017 final dividend	–	–	(794,358)	(794,358)
At 31 December 2018	1,280,460	–	5,144,033	6,424,493

The profit for the year attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB758,019,000 (2018: RMB711,270,000).

Five-Year Financial and Operations Summary

	2019 RMB million	2018 RMB million (restated)	2017 RMB million	2016 RMB million	2015 RMB million
Revenue — Goods	**27,763.3**	23,175.6	19,966.8	18,866.2	20,196.7
Profit before taxation	**2,714.2**	2,069.9	1,560.6	3,994.1	6,553.0
Income tax expense	**(513.0)**	(432.7)	(279.9)	(738.6)	(1,223.4)
Profit for the year	**2,201.2**	1,637.2	1,280.7	3,255.5	5,329.6
Attributable to:					
Owners of the Company	**1,284.4**	1,098.4	795.3	2,365.9	4,149.0
Non-controlling interests	**916.8**	538.8	485.4	889.6	1,180.6
Basic earnings per share (RMB) (note)	**0.13**	0.11	0.10	0.30	0.54
Dividend per share (RMB)	**0.130**	0.110	0.081	0.160	0.232
Total non-current assets	**127,310.7**	111,723.9	88,706.7	84,343.7	81,033.6
Total current assets	**12,979.0**	13,232.8	9,319.9	6,843.4	5,209.6
Total assets	**140,289.7**	124,956.7	98,026.6	91,187.1	86,243.2
Total current liabilities	**35,535.2**	29,721.1	28,821.5	22,271.1	16,638.7
Total non-current liabilities	**59,621.3**	52,386.6	32,010.6	34,321.2	35,378.7
Net assets	**45,133.2**	42,849.0	37,194.5	34,594.8	34,225.8
Equity attributable to owners of the Company	**30,320.1**	29,949.9	29,801.9	27,267.0	27,320.5
Non-controlling interests	**14,813.1**	12,899.1	7,392.6	7,327.8	6,905.3
Total equity	**45,133.2**	42,849.0	37,194.5	34,594.8	34,225.8
Attributable installed capacity (MW)	**21,113.2**	19,731.6	17,051.6	16,728.6	16,254.6
Gross power generation (MWh)	**87,134,871**	74,101,429	66,683,402	63,403,445	63,531,141
Total electricity sold (MWh)	**83,558,993**	70,964,796	64,053,714	60,760,318	60,868,493
Net coal consumption rate (g/kWh)	**301.82**	302.41	304.23	304.93	307.08

Note: Basic earnings per share for 2015 and 2016 have been restated to reflect the effect of rights issue of the Company in 2017.

"ABC Financial"	ABC Financial Asset Investment Co., Ltd* (農銀金融資產投資有限公司)
"Anhui Company"	SPIC Anhui New Energy Development Co., Ltd.* (國家電力投資集團安徽新能源有限公司)
"attributable installed capacity"	the proportionate amount of installed capacities of a power plant attributable to a company based on the percentage of equity interest held by the company in that power plant
"average utilization hours"	for a specified period, the amount of electricity (MWh) produced in such period divided by the average installed capacity (MW) in such period
"Board"	the board of Directors of the Company
"Changshu Power Plant"	Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司)
"China Power" or "Company"	China Power International Development Limited
"CP Chaoyang"	China Power Chaoyang New Energy Company Limited (中電(朝陽)新能源有限公司)
"CP Shentou" or "CP Shentou Power Plant"	China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司)
"CP Zhihui"	Zhongdian Zhihui Comprehensive Energy Limited* (中電智慧綜合能源有限公司)
"CPDL"	China Power Development Limited (中國電力發展有限公司*)
"CPI Engineering"	CPI Power Engineering Co., Ltd.* (中電投電力工程有限公司)
"CPIH" or "CPI Holding"	China Power International Holding Limited (中國電力國際有限公司)
"Dabieshan Power Plant"	Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司)
"Director(s)"	director(s) of the Company
"Fuxi Power Plant"	Sichuan CPI Fuxi Power Company Limited (四川中電福溪電力開發有限公司)
"Group" or "We"	the Company and its subsidiaries from time to time
"Guangdong Company"	SPIC Guangdong Power Company Limited* (國家電投集團廣東電力有限公司)
"Guangxi Company"	SPIC Guangxi Power Company Limited* (國家電投集團廣西電力有限公司)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huainan Mining"	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司)
"Hubei Company"	SPIC Hubeilvdong New Energy Co., Ltd.* (國家電投集團湖北綠動新能源有限公司)
"ICBC Financial"	ICBC Financial Asset Investment Co., Ltd.* (工銀金融資產投資有限公司)
"installed capacity"	the manufacturers' rated power output of a generating unit or a power plant, usually denominated in MW
"kWh"	kilowatt-hour, a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Luyang Power Plant"	SPIC Henan Power Company Limited, Pingdingshan Power Branch* (國家電投集團河南電力有限公司平頂山發電分公司)
"MW"	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
"MWh"	megawatt-hour, which is equal to one thousand kWh
"Nanyang Power Plant"	SPIC Nanyang Cogeneration Company Limited* (國家電投集團南陽熱電有限公司)
"net coal consumption rate"	average consumption of standard coal for supplying 1 kWh power (deducting self-used power)
"PBOC"	People's Bank of China* (中國人民銀行)
"Pingwei Power Plant" or "Pingwei I"	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司)
"Pingwei Power Plant II" or "Pingwei II"	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司)
"Pingwei Power Plant III" or "Pingwei III"	Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司)
"PRC" or "China" or "State"	the People's Republic of China (for the purpose of this annual report excluding the Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
"Pu'an Power Plant"	China Power (Pu'an) Power Generating Company Limited* (中電(普安)發電有限責任公司)
"RMB"	Renminbi, the lawful currency of the PRC

"Seth Holdings"	Seth Holdings Corporation Limited* (賽斯控股有限公司)
"Shandong Company"	SPIC Shandong Energy Development Co., Ltd.* (國家電投集團山東能源發展有限公司)
"Shanghai Power"	Shanghai Electric Power Co., Ltd.* (上海電力股份有限公司)
"Shangqiu Power Plant"	China Power (Shang Qiu) Cogeneration Company Limited* (中電(商丘)熱電有限公司)
"Shanxi Shentou"	Shanxi Shentou Power Generating Company Limited* (山西神頭發電有限責任公司)
"Shouxian Company"	SPIC Shouxian New Energy Development Co., Ltd.* (國家電力投資集團壽縣新能源有限公司)
"Sichuan Energy Investment"	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司)
"Sihui Company"	China Power (Sihui) Cogeneration Company Limited* (中電(四會)熱電有限責任公司)
"SPIC"	State Power Investment Corporation Limited* (國家電力投資集團有限公司)
"SPIC Financial"	SPIC Financial Company Limited* (國家電投集團財務有限公司)
"standard coal"	coal with an energy content of 7,000 kilocalories per kilogram
"State Nuclear Institute"	State Nuclear Electric Power Planning Design & Research Institute Company Limited* (國核電力規劃設計研究院有限公司)
"Statutes"	the statutory laws and regulations for the time being in force concerning companies and affecting the Company
"Sujin Energy"	Sujin Energy Holding Company Limited* (蘇晉能源控股有限公司)
"Tuokou Power Plant"	a hydropower plant project in Tuokou of Huaihua Yuanjiang Power Development Co., Ltd.* (懷化沅江電力開發有限責任公司托口水電站項目)
"Wu Ling Power"	Wu Ling Power Corporation* (五凌電力有限公司)
"Wuhu Power Plant"	Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司)
"Xintang Power Plant"	Guangzhou China Power Lixin Industry Company Limited* (廣州中電荔新電力實業有限公司)
"Yaomeng Power Plant"	Pingdingshan Yaomeng Power Company Limited (平頂山姚孟發電有限責任公司)
"Yuanda Waterworks"	SPIC Yuanda Waterworks Company Limited* (國家電投集團遠達水務有限公司)

* For identification purpose only

Useful Information for Investors

ANNUAL REPORT

This annual report has been posted on our website at www.chinapower.hk on 23 April 2020. The reports are sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 29 April 2020.

ANNUAL GENERAL MEETING (AGM)

The Company's AGM will be held on 11 June 2020. Information regarding the business to be considered in the AGM is set out in the circular to the shareholders of the Company dated 29 April 2020 together with a proxy form.

INVESTOR CALENDAR

Closure of register of members for determining shareholders' eligibility to attend and vote at the AGM	8 June 2020 to 11 June 2020 (both days inclusive)
AGM date	11 June 2020
Ex-dividend date	15 June 2020
Closure of register of members for entitlement to 2019 Final Dividend	17 June 2020 to 19 June 2020 (both days inclusive)
Record date for 2019 Final Dividend	19 June 2020
Proposed 2019 Final Dividend payable* ***RMB0.13 (equivalent to HK$0.1426) per ordinary share***	30 June 2020

* Subject to approval by shareholders of the Company at the AGM to be held on 11 June 2020.

INVESTOR ENQUIRIES

For enquiries about share transfer and registration, please contact the share registrar of the Company:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel.: (852) 2862 8628
Fax: (852) 2865 0990
Email: chinapower.ecom@computershare.com.hk

For enquiries from investors and securities analysts, please contact:

Capital Markets & Investor Relations Department
China Power International Development Limited
Suite 6301, 63/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel.: (852) 2802 3861
Fax: (852) 2802 3922
Email: ir@chinapower.hk
Website: www.chinapower.hk

China Power International Development Limited
中國電力國際發展有限公司

Hong Kong Office:
Suite 6301, 63/F, Central Plaza,
18 Harbour Road,
Wanchai, Hong Kong
Tel: (852) 2802 3861
Fax: (852) 2802 3922

Beijing Office:
East Building, Hui Huang Shi Dai Plaza,
56 North West Fourth Ring Road, Haidian District,
Beijing, China
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